



NCDC

AN ISO-9001:2008
CERTIFIED ORGANISATION



INTERNATIONAL TRAINING PROGRAMME

on

**DEVELOPING MANAGERIAL SKILLS FOR
AGRICULTURAL COOPERATIVES AND RURAL
FINANCING INSTITUTIONS**

(November 21-25, 2016)



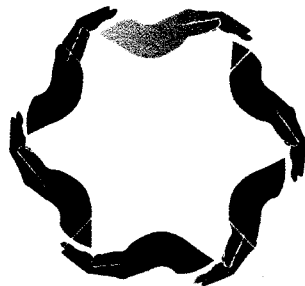
PROGRAMME NOTES

Organized by:

TOPIC INSTITUTE
NATIONAL COOPERATIVE DEVELOPMENT CORPORATION
&
CENTRE FOR INTERNATIONAL COOPERATION AND TRAINING IN
AGRICULTURAL BANKING (CICTAB)

INTERNATIONAL TRAINING PROGRAMME
on
**DEVELOPING MANAGERIAL SKILLS FOR
AGRICULTURAL COOPERATIVES AND RURAL
FINANCING INSTITUTIONS**

DURATION : November 21-25, 2016
VENUE : TOPIC Institute
National Cooperative Development
Corporation, Plot No.89, Sector-18
Gurugram – 122 015
Haryana (India)



PROGRAMME TEAM

Shri Ashok B.Pillai, Chief Director & In-charge, TOPIC Institute
Smt Deepa Srivastava, Chief Director & Programme Director
Shri S.K.Tucker, Adviser, TOPIC Institute
Shri Ashwani Kumar, Director, TOPIC Institute

International Training Programme on
“Developing Managerial Skills for Agricultural Cooperatives and Rural Financing Institutions”

(November 21-25, 2016)

PROGRAMME DESIGN

Date & Day	Session-I		Session-II 1130-1245 hrs.	Session-III 1345-1500 hrs.	Session-IV 1515-1615 hrs.	Session -V 1615-1715 hrs.
	0930-1000 hrs.	1000-1115 hrs.				
21.11.2016 (Monday)	Joining	- Orientation - Inauguration	Cooperative as a Business Enterprise-Planning and Managerial Requirements Sh.S.K.Tucker	NCDC as DFI for Cooperatives Sh.Ashwani Kumar Country Paper Presentations -Agri. Cooperatives & RFIs- Perspective and Prospects	Primary Agricultural Cooperatives – Concept, Activities & Environment Ms.Deepa Srivastava Managing Rural Credit Operations	Identifying Business Opportunities Sh.Ashok B.Pillai Governance and Computerization Initiatives for RFIs /Cooperatives Visit to Kingdom of Dreams
22.11.2016 (Tuesday)	Recap & Discussion	Cooperative Governance	Country Paper Presentations- Agri. Cooperatives & RFIs- Perspective and Prospects	All Resource Persons	NABCONS	NABCONS
23.11.2016 (Wednesday)	Special Group Activity	Sh. Sanjeeb Patiloshi Self-Help Groups – Practices, Integration with Cooperatives and Impact	All Resource Persons Visit to IFFCO Fertilizer Marketing Development Institute, Gurgaon	Visit to a Cooperative and SHG		
24.11.2016 (Thursday)	Film	Ms.Deepa Srivastava Appraising Business Alternatives	Integrated Cooperative Development-Approach and Experiences			
25.11.2016 (Friday)	Market Research Tools for Business Decisions*	Dr.N.K.Gandhi Training & Education – Approach & Facilitation Skills	Dr.N.K.Gandhi Success in Primary Cooperatives- Cases and Lessons	Cultural visit to Delhi Evaluation and Valediction		
	Dr.D Ravi	Sh.S.K.Tucker	Sh.Ashok B.Pillai			

Networking Break-I : 1115 to 1130 hrs.
Networking Break-II : 1500 to 1515 hrs.
Lunch : 1245 to 1345 hrs.

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✓ 4. ✓	Cooperative Business Enterprise – Basic Features
5.	Understanding the Primary Cooperatives (PACS) - Concept, Environment, SWOT, Profit-Planning, Resource Mobilization and its Deployment
6. ✓	Making Agricultural Cooperatives Effective and Successful
7.	Role of Federal Organizations towards constituent Cooperatives – Inter-Institutional Obligations and Responsibilities
8.	Self-Help Groups – Concept, Operations and Linkages with PACS
✓ 9.	Business Development Planning – Concept, Components and Process
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11.	HRD and Training in Cooperatives
12. ✓	Training and Education – Meaning and Systems Approach
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ABOUT HOST INSTITUTIONS - NCDC, TOPIC AND CICTAB

ABOUT NCDC AND TOPIC

I. NATIONAL COOPERATIVE DEVELOPMENT CORPORATION (NCDC)

National Cooperative Development Corporation is a statutory organization created in 1963 under an Act of Parliament to spearhead development of rural economic activities other than rural credit in the cooperative sector. The objective of the Corporation is to promote, finance and develop cooperatives for augmenting income of people associated with agriculture and related areas. It is engaged in the development of agricultural production, supply of agricultural inputs, marketing, storage and processing in the cooperative sector and thus supports the country's efforts in augmenting farm production to the ultimate benefit of farmers and other rural population. The Corporation is aiding the programmes of cooperative development of fisheries, poultry, sericulture, dairy, handloom and minor forest produce as well in order to support the weaker sections of the society including SCs/STs. It also provides assistance to industrial and service cooperatives including tourism, hospitality and transport, electricity and power, rural housing, hospital, health care and education. The important promotional functions as part of its developmental role includes

- Planning for cooperative development at national level
- Helping evolution of appropriate policies for growth of cooperatives
- Extending consultancy support
- Upgrading skills through manpower planning and training
- Promoting good management and governance through study visit to successful units.
- Recognizing outstanding performance among primary level cooperatives
- Providing a forum for exchange of ideas and information
- Advancing the cooperatives' cause in national and international fora

With this mandate, NCDC supplements the resources of the state govt. through a structured pattern of assistance and programme of activities for development of cooperatives in the sphere of the aforesaid activities. With the passage of time and requirement of the contemporary and emerging socio-economic scenario, the nature, quantum and ambit of NCDC finding have undergone various phases of evolutions and changes.

The management of NCDC vests in the General Council (GC) consisting of 51 members. The Union Minister for Agriculture is the President and other members include representatives of the central and state government, national and state level cooperatives, NABARD, Central financing institutions, experts and eminent co-operators. Whereas General Council lays down the overall policy, the executive functions are looked after by the Board of Management (BOM), comprising of 12 members, drawn from the General Council. The Secretary, Ministry of Agriculture is the Chairman of the BOM. The Managing Director is the Chief Executive and he is assisted by experts in various disciplines. NCDC functions through its Head Office in New Delhi and 18 Regional Directorates.

NCDC works as a Development Financial Institution for Cooperative Sector providing financial assistance under its own sponsored schemes and central sector schemes. Funds are provided to cooperatives towards their share capital thus enabling them to raise resources from institutional agencies for expansion of their business operations and for investment in plant and machinery for value addition. It also provides margin money towards working capital. In specific cases, funding includes an element of subsidy too. Under the Integrated Cooperative Development Project, more than 300 districts have been covered for all-inclusive, comprehensive development of cooperatives in the specific district.

NCDC's funding is based on specific pattern of assistance. For the purposes of assistance, the Corporation has divided the States into three broad categories based on approval given by the Planning Commission; viz. (a) cooperatively developed; (b) cooperatively under-developed and (c) cooperatively least developed states. Assistance to under developed and least development states as well for weaker section' cooperatives is provided on a comparatively liberal/ concessional terms. In case of least developed states, assistance is available upto 90% per cent of project cost.

Cooperatives registered under the State Cooperative Societies Act or Multi-State Cooperative societies Act are eligible for financial assistance under the aforesaid schemes. Financial assistance is routed through the State Governments or provided on the guarantee of the state government or directly on fulfilment of

certain conditions. In the case of national level cooperatives, which come under the purview of Multi-State Cooperative Societies Act of the Central Govt., assistance is provided to them directly. The financing by the Corporation is guided by pattern of assistance for its schemes.

NCDC's financing increased from less than Rs.3 crore since its inception in 1962-63 to Rs.8,474.61 crore during 2015-16. Cumulatively, NCDC has disbursed a total assistance of Rs.58,734.17 crore upto 31st March, 2016 to promote cooperatives.

II. TOPIC (Training of Personnel in Cooperatives) INSTITUTE

Realizing the importance of human resource development for effective utilization of its financial assistance to cooperatives, the NCDC while preparing to implement the NCDC-III World Bank Aided Project in 1985, established a National Centre for Trainers' Training and Material Production popularly called TOPIC (Training of Personnel in Cooperatives) Centre now TOPIC Institute. At the same time, the Corporation resolved to include training and manpower development as an integral component of every project assisted by it. Twelve training institutes known as Agricultural Cooperative Staff Training Institute (ACSTI) were also established, in the 12 participating states of the NCDC-III Project.

The focus of TOPIC Institute has been to formulate and conduct need-based, skill oriented and organizational specific professional training for the personnel of the projects and schemes assisted by the Corporation. The Institute later on added capacity building of NCDC's personnel in its mandate.

The mission of the Institute is to develop professional competence of the personnel of NCDC and the assisted cooperatives to enable them to achieve organizational objectives through suitable training and developmental interventions, research consultancy and/or related activities.

The Institute is currently engaged in following activities:

- NCDC's sponsored projects related trainings
- In-house trainings

- Trainings on special request
- International trainings
- Implementing Capacity Building Programmes of Rastriya Krishi Vikas Yojna (RKVY) on behalf of Department of Agriculture and Cooperation, Government of India
- Organising Workshops/Seminars
- Implementing promotion and development schemes of NCDC
- Research and consultancy

The Institute conducts international training programmes for the countries in the SAARC, Asia and Africa Region in collaboration with the organizations/institutions like Centre for International Cooperative and Training in Agricultural Banking (CICTAB), Afro-Asian Rural Reconstruction Organization (AARRO), International Labour Organization (ILO COOPNET), International Cooperative Alliance (ICA), and Food and Agriculture Organisation (FAO).

The training programmes of the Institute have received accolades and are well known for their innovative training approach. The distinctive features of the TOPIC's training are – (i) System Approach to Training (SAT), (ii) concept of Andragogy (the art and science helping adult learn) and its implications guide the training process, (iii) appropriate physical and psychological conditions and participative methodology alongwith use of audio-visual aids are used to stimulate learning.

Till the end of 2015-16, the Institute had conducted 571 training programmes in which 14937 personnel were trained. In addition, a capacity building programme under RKVY has been initiated during 2015-16 wherein 33 programmes have been organised with 1028 personnel trained upto 31st March, 2016.

ABOUT CICTAB

Centre for International Cooperation and Training in Agricultural Banking (CICTAB) was set up by the Ministry of Agriculture, Government of India as an autonomous institution in January, 1983 at the instance of FAO. It became operational initially as a sub-regional centre for Bangladesh, Nepal, Sri Lanka and India. Subsequently, in the year 1991, General Council of CICTAB decided to develop CICTAB as focal centre of HRD efforts in the relevant fields for all the countries of the SAARC Region.

CICTAB provides an effective forum for exchange of experience in agricultural banking and related fields between different developing countries in Asia and Africa. CICTAB's role, thus, is comprehensive and crucial but catalytic in nature. The functions envisaged for CICTAB are defined in terms of its role and also of the countries, it is expected to serve. CICTAB's functions are (i) training of personnel in relevant spheres and (ii) to serve as a forum for exchange of experiences among developmental functionaries.

Objectives and Activities

The focus of CICTAB's activities is on programmes and practices relating to rural development. CICTAB, endeavours through its programmes to help develop integrated management of organizations and institutions concerned with promoting and financing rural development. In terms of its objectives, activities envisaged for CICTAB are:

- a) To actively promote and strengthen national systems for training in agricultural banking, credit and other organizations engaged in rural financing and development.
- b) To conduct training courses/workshops/seminars in India or other countries of the region on various aspects of Agricultural/Rural Financing and Development.

Programmes and Participants

CICTAB's activities relate to training of personnel so as to assist them in solving the problems relating to promoting and financing rural development activities as also regarding the innovative and multi-disciplinary types of Rural Development Project and Programmes. The countries in the region participating in CICTAB programmes have more or less common features and comparable experience and problems in their rural economy and in various development programmes undertaken by them. The importance of personnel development in evolving a viable institutional framework for executing rural development programmes, particularly for the benefit of the rural poor is recognized by all concerned.

Participants for CICTAB's training programmes and other allied activities are senior personnel in related Departments of Government, Central Banks, Cooperative and Rural Development Financing Institutions Banks dealing with policies and programmes of their respective institutions and trainers from national level or regional level training institutions concerned with training of personnel from Rural Financing and Development Organisations.

Organisation and Management

CICTAB is registered as an autonomous institution with promoter members including Ministry of Agriculture & Cooperation, Ministry of Rural Development, Reserve Bank of India (RBI), and National Bank for Agriculture & Rural Development (NABARD) from India. Other members include Central/National/ Apex Financing Institutions, Banks and Cooperative Institutions from India, Bangladesh, Nepal, Sri Lanka and Bhutan.

Management of CICTAB is vested with General Council, and Managing Committee consisting of representatives from member institutions in member countries. General Council of CICTAB with Secretary, Ministry of Agriculture, Government of India as its President frames the overall policy while Managing Committee guides the operations and activities of CICTAB.

**AGRICULTURAL
COOPERATIVES AND
RURAL FINANCING
INSTITUTIONS
IN INDIA**

Agricultural Cooperatives and Rural Financing Institutions in India

1.1 The Nation

India, a part of the Asia continent, is the second most populous and the seventh largest country of the world. It is a Sovereign Socialist Secular Democratic Republic with a parliamentary form of Government comprising of twenty eight full-fledged States and seven Union Territories. It has a total land area of 32,88,000 sq. km. out of which 63.0 percent is under cultivation, 22.6 percent is covered under forests; and approximately 3.6 percent is used for pasture lands. According to the 2011 census the total population of India is 1.21 billion, with an average annual growth rate of 1.41 percent. The rural population, which constitutes 70 percent in the country, is distributed in 5.94 lakh inhabited villages in the country.

Agriculture Sector is the mainstay of the Indian economy. It supports more than half a billion people by providing employment to nearly 48 percent of the workforce. The total of 14.1 percent to the nation's GDP and nearly 14 percent to exports is contributed by the agriculture, forestry and fishing sector. With structural transformation of the economy, agriculture, forestry and fishing sector. With structural transformation of the economy agriculture today derives a good proportion of its income from non-farm sources including manufacturing activities, though retaining its status of the largest employer in India's economy.

There are 14 crore farmer households in the country, of which 9.38 crore belong to small and marginal farmers. Some of the major crops of India are: wheat, rice, barley, millet, tea, sugar, cotton, jute, oilseeds, coffee and coconut. Some allied sectors like dairy, poultry, fishery, handloom, sericulture etc. are significant. India has now emerged as the foremost producer of milk, pulses, jute and jute like fibres in the world, second in rice, wheat, sugarcane, groundnut, vegetables, fruits and cotton production and is a leading producer of spices and plantation crops as well as livestock, fisheries and poultry.

1.2 Cooperatives in India

Cooperative movement in India started more than 100 years ago, largely on the government's initiative to combat rural indebtedness and to ameliorate the socio-economic conditions of rural poor. Its evolution can be divided into four phases. In the First Phase (1900-30), the Cooperative Societies' Act was passed (1904) and "cooperation" became a provincial subject by 1919. The major development during the Second Phase (1930-50) was the pioneering role played by Reserve Bank of India in guiding and supporting the cooperatives. During this phase, signs of sickness in the Indian rural cooperative movement were becoming evident and the Committees advocated state protection to cooperatives from competition. In the Third Phase (1950-90), the All India Rural Credit Survey was set up which not only recommended state partnership in terms of equity but also partnership in terms of governance and management. National Bank for Agriculture and Rural Development (NABARD) was also created during this phase. The Fourth Phase from 1990s onwards saw an increasing realization of the disruptive effects of intrusive state patronage and politicization of the cooperatives, especially financial cooperatives.

India has a total of 6,10,020 cooperative institutions of all types at different levels with a combined cooperative membership of 249.367 million. Out of them, there are 1,47,991 primary agricultural and credit cooperatives engaged in credit business with a combined membership of 181.150 million. There are 4,58,068 such primary non-credit cooperatives which do not engage themselves in credit business but a sizeable chunk of it deals in agriculture and agriculture-related activities e.g., processing and marketing. Their total combined membership is 68.216 million. In fact about two-third of the total cooperatives deal with agriculture and agricultural-related matters with approx. 85% of combined membership of the total.

Cooperatives have covered almost 100% of villages and 71% of rural households. Cooperatives are contributing significantly in distribution of agricultural

credit holding 17% share in total institutional agricultural credit and 36% share in distribution of fertilizers in the country, particularly to small and marginal farmers in remote areas. They are producing nearly 50% of total sugar output besides making 34% of total wheat procurement. 21% of the retail fair price shops are in the cooperative sector. They are playing a crucial role in the agro-processing sector reflected by processing of sugarcane, milk, cotton and oilseeds etc. Dairy cooperatives have excelled in their area of operations and have enabled India to attain top position in milk production in the world. The edible oil marketed through cooperative channels is estimated at 50% and handlooms in cooperatives account for 55% of the total. It is estimated that the cooperative sector provides direct employment to about 2.4 crore people in our country.

This diversity in the activities of cooperatives has been mainly possible by provisions of loans, subsidies and investments by the States and National Cooperative Development Corporation (NCDC). NCDC, a statutory corporation was created as a developmental financing institution exclusively for cooperatives. By the end of fiscal 2016, the Corporation has provided cumulative assistance of Rs.58,734.17 crore, besides support and assistance in other forms, to the cooperatives.

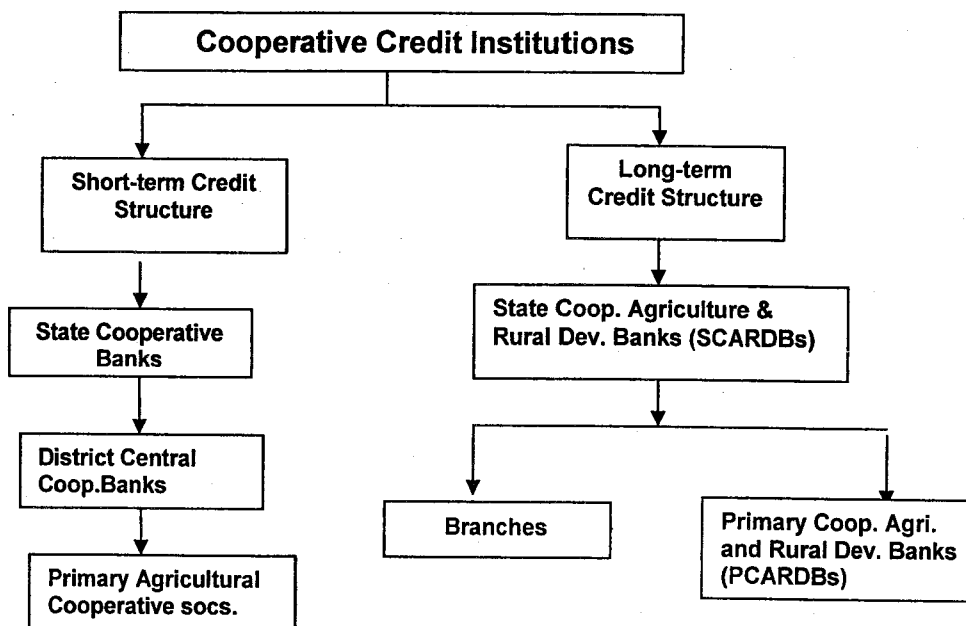
1.3 Rural Credit Institutions

Immediately after independence, the Government had laid special thrust on developing rural credit structure to offer easy accessibility of credit to the farmers and rural poor. The initial efforts were to organize credit cooperatives in every nook and corner of the country to ensure wide coverage and reach. Subsequently, a multi-agency approach for rural credit was adopted and as a result three agencies viz., Cooperatives, Commercial Banks (CBs) and the Regional Rural Banks (RRBs) now exist to purvey credit for agriculture and non-farm activities. The growth in the flow of credit to agriculture in the recent years has been robust. As against ambitious target of Rs.8,50,000 crore for 2015-16, the disbursements were Rs.8,77,224 crores (provisional) achieving 103 percent of the target. CBs, Cooperative Banks and RRBs disbursed Rs.6,04,668 crores, Rs.1,53,295 crores

and Rs.1,19,261 crores respectively contributing 69%, 17% and 14%. The total of Rs.8,77,224 crores agriculture credit comprises of 80.4% as crop loans and 19.6% as term loan. In spite of the vast network of the rural credit institutions, about 23% of the farmers still have to go to the money-lenders to meet their credit needs.

I. Cooperative Credit Institutions

Cooperative Credit structure comprises of institutions at various level working to ensure continuous availability of production (short-term) and investment (long term) credit at reasonable terms to farmer members. The short-term credit structure comprises of 0.93 lakh Primary Agricultural Cooperative Societies (PACS), 371 District Central Cooperative Banks (DCCBs) and 31 State Cooperative Banks (SCBs). On the other hand, the long term credit structure consists of 702 Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) and 19 State Cooperative Agriculture and Rural Development Banks (SCARDBs). The structure is depicted below in the chart:



The important statistical details of the short term credit institutions are as under:

Statistical Details
(as on 31st March, 2015)

		(Rs. in crores)	
Primary Agricultural Cooperative Societies (PACS, FSS & LAMPS)		District Central Cooperative Banks	State Cooperative Banks
• Number	92789	• Number	31
• Membership (lakhs)	1211	• Membership (lakh)	33472
• Borrowing Members (in lakhs)	498	• Owned funds	42222
• Owned funds	21674	• Deposits	251115
• Deposits	84616	• Borrowings	73793
• Borrowings	99980	• Loans adv.	232421
• Loans adv	159050	• Loans outstanding	207205
			• Number
			31
			• Membership (lakh)
			55547
			• Owned funds
			16403
			• Deposits
			100791
			• Borrowings
			68551
			• Loans adv.
			107970
			• Loans outstanding
			111124

PACS constitute the lifeline of the agricultural cooperative movement. Their main role is to supply agriculture credit, fertilizer and other inputs including technical guidance, information etc. to members. There are about 76,000 cooperative retail outlets for fertilizer distribution. A large proportion of PACS also serve as outlets for the Public Distribution System (PDS) for food and other essential items. Some of these also provide marketing support to the members for their agricultural produce. On an average, there is one PACS for every six villages in the country; these societies have a total membership of 12.75 crores, however, only about 39% of them borrow from the PACS. Though commercial banks and RRBs contribute major share of rural credit, rural outlets of the cooperative credit structure are more than double and they have far more clients than the formers. The major segment of the cooperatives clients are small and marginal farmers and other poorer villagers as the average size of loan of PACS is Rs.28467/- as against Rs.115000/- in case of commercial banks. PACS in India however confront some critical problem viz. lack of diversification in business, low volume of business, declining percentage of participative membership, high cost of management, imbalance in loan outstanding, unskilled staff, lack of professionalism, weak MIS, low interest margin etc.

The financial performance of the cooperative credit structure for the financial year 2014-15 was:

**Financial Results of the Cooperative Credit Structure
(as on 2014-15)**

Short-Term Credit		
State Cooperative Banks (32)	No. in profits	28
	No. in Losses	4
	Overall Profit (Rs. crore)	1105.14
District Central Cooperative Banks (370)	No. in profits	300
	No. in Losses (reported)	59
	Overall Profit (Rs. crore)	1819.75
Primary Agricultural Cooperative Societies (PACS) (during 2012-13)	No. in Profits	42,586
	No. in Losses	37,955
Long-Term Credit		
State Cooperative Agricultural and Rural Development Banks (20)	No. in profits	8
	Profit (Rs. crore)	108.46
	No. in Losses	10
Primary Cooperative Agricultural and Rural Development Banks (702)	No. in profits	319
	Profit (Rs. Crore)	175.76
	No. in Losses	381

The status of Non-Performing Assets (NPAs) for the cooperative credit structure were as under:

NPA Position of Co-operatives (As on 31 March, 2014)								
Year	SCBs		DCCBs		SCARDBs		PCARDBs	
	Total NPA	NPA (%)	Total NPA	NPA (%)	NPA	NPA (%)	Total NPA	NPA (%)
2013	5664.77	6.16	18052	9.83	6754.41	35.97	4619.69	37.09
2014	5418.57	6.98	16115.00	10.75	6436.46	33.20	4625.93	36.71

The credit cooperatives in India suffer from various ailments. Some of the major areas of concern are low resource base, high dependence on financing agencies, imbalances, poor business diversification and recoveries, limited deposit mobilization, lack of marketing strategy, huge accumulated losses, lack of professionalism and skilled staff, weak information system, poor internal check and control systems, etc. As on 31st March, 2015, 4 out of 32 reporting SCBs, 59 of 370 DCCBs, 37955 out of 80,541 reporting PACS(as on March, 2013), 10 out of 20 reporting SCARDBs and 381 out of 702 reporting PCARDBs incurred losses.

The credit cooperatives, however, serve the vulnerable sections of the society, the Government therefore is keen to bring more reforms and support to refurbish their functioning. A revival package announced by GOI for Short-Term Rural Cooperative Credit Structure (STCCS) with an outlay of Rs.13,597 crore has been implemented covering almost all the eligible cooperatives under the STCCS in the country. This includes financial assistance for cleansing of balance sheets of short-term credit cooperatives (as on 31st March, 2004), capital infusion to ensure CRAR of 7 per cent, technical support for capacity building training, development and introduction of Common Accounting and Management Information systems and their computerisation. Release of financial assistance is however contingent upon certain legal and institutional reforms, viz., amendments to Cooperative Societies Acts, introduction of professionals on boards of cooperatives, introduction of Common Accounting System (CAS) and MIS etc. The major legal and institutional reforms suggested/implemented are:

- Ensuring voting rights to depositor members of PACS
- Removing State intervention in financial and administrative matters
- Restricting State Government equity upto 25 per cent of the paid-up share capital
- Restricting State Government powers to supersede the Board ensuring timely elections
- Freedom to cooperatives to migrate to Parallel Act wherever enacted and vice-versa
- Freedom to take loans/keep deposits with any financial institution regulated by RBI
- Facilitating regulatory powers for RBI in respect of cooperative banks
- Specifying eligibility criteria for election to the Boards as well as for co-option of professionals on the Boards of cooperative banks
- Cooperatives to be brought on par with the commercial banks as regards regulatory norm

II. Commercial Banks (CBs) and Regional Rural Banks (RRBs)

The network of RRBs and CBs has spread rapidly and comprises of around fifty thousand branches in rural areas. For CBs, it is mandatory to channelise at least 18 per cent of their total lending to agriculture. CBs though have been meeting their targets for priority sector lending, but have moved more towards large customers. Their managerial and financial performance has improved tremendously after introduction of banking sector reforms in the country. Post amalgamation, the number of RRBs in the country as on 31.3.2016 stood at 56 with a network of 20,904 branches covering 644 notified districts in 27 states and the UT of Puducherry. The aggregate deposits of RRBs registered a growth of 15.39%, deposits 14.54% advances and 29.58% investments while borrowings declined by 19.04% over 2014-15. 51 RRBs have earned profits aggregating Rs.2556 crore in 2015-16 as compared to 51 RRBs earning aggregate profit of Rs.2921 crore in 2014-15. 46 out of 56 RRBs have attained sustainable viability viz. earning profits and carrying no accumulated losses as on 31.3.2016, with aggregate reserves of Rs.21032 crore.

(Rs. crore)

RRBs – Indicators of Performance (As on 31 st March, of the year indicated)		
Particulars	2015	2016
No. of RRBs	56	56
Branch Network (No.)	20024	20904
Share Capital	197.00	5196
Loans & Advances Outstanding	180955	207279
RRBs earning Profit (No.)	51	51
Amount of Profit (A)	2921	2556
RRBs incurring Losses (No.)	5	5
Amount of Losses (B)	176	122
Net Profit (A-B)	2745	2435
Accumulated Losses	1072	1030

1.4 Micro Credit Groups:

To provide access of financial services to the poor and dis-advantaged segments of the society, and reduce their dependence on the money-lenders, the micro-credit groups have been promoted in the country in the recent past. The groups formed by the individuals on the basis of homogeneity on account of caste,

gender, occupation, hamlet, income status etc., pool members' meagre savings to create a corpus for meeting their credit needs. Subsequently, the groups establish linkages to borrow from banks to fulfil increased demand of credit of their members. These are working both as formal and informal groups. This approach has brought about a paradigm shift in the relationship between the banks and the poor. Self Help Groups (SHG) – Linkage programme has proved to be an effective tool of extending rural clientele access to formal financial services.

Starting from a modest scale as a pilot in 1992, the SHG-Bank linkage programme has turned into a solid structure with more than 76.97 lakh savings linked SHGs covering about 10 crore poor households as on 31.3.2015. The total savings of these SHGs with banks amounted to Rs11059 crore. The number of credit-linked SHG under the programme stood at 44.68 lakh. About 80% of the groups are exclusively women groups.

The reason for the fast growth and success has been the visible gains in socio-economic terms received by members of the Self Help Groups. The major findings of a study by NABARD which covered 568 Self Help Groups members' households from 273 groups spread over 11 states presented hereunder confirm this.

- Members households: land less agricultural labourers (31%); marginal farmers (23%); small farmers (29%); and others 17%.
- Average value of assets/household which included livestock and consumer durables etc., increased by 73% from Rs.6,843 in pre-SHG stage to Rs.11,783 in post-SHG stage.
- About 58 per cent of the households reported increase in assets.
- Almost all members developed saving habit in the post-SHG situation as against only 23% of households who had this habit. Average annual savings per household registered over threefold increase from Rs.460 to Rs.1,444.
- The average borrowing/year household increased from Rs.4,282 to Rs.8,341. About 70% of loans taken in post-SHG situation were for income generating purposes.

- Average net income/household increased from Rs.22,177 to Rs.26,889 or by about 33%.
- About 43 per cent of the incremental income generated was from non-farm sector activities followed by farm (28%) and off-farm (21%) activities.

The micro-finance movement has been widened, deepened and diversified with continued promotional focus by various stake-holders, mainly NABARD. The programme is growing steadily and it is likely that coverage of 100 lakh SHGs would be accomplished by next few years. At the same time, several variants of SHGs including 10,99,022 Joint Liability Groups (JLGs) / promoted and financed by banks are operating in different parts of the country.

GOVERNMENT POLICIES AND SUPPORT TO COOPERATIVES

GOVERNMENT POLICIES AND SUPPORT TO COOPERATIVES

*S.K. Tucker

Cooperation in an informal way existed in India since ages. It was formally introduced in 1904 mainly to deal with the problem of rural indebtedness and exploitation by middlemen. The enactment of Cooperative Credit Societies Act 1904 paved the way for organization of Cooperative Credit Societies. This Act which laid emphasis on thrift and self-reliance provided the foundation of cooperative development in India. Under the Act, Government exempted the cooperatives from fees payable under stamps, registration and income tax, to encourage the formation of cooperatives. The organization and control, supervision, inspection and liquidation and rule-making powers were under the purview of the Government Counsel of the respective province. This Government Counsel was given the title of Registrar in 1846. Later, the Cooperative Societies Act, 1912 was passed to remove existing deficiencies of the 1904 Act based on the English Industrial Act, 1852. The objective was to "promote economic interest of the members in accordance with cooperative principles." It also permitted non-credit activities. Initially Government provided the societies with interest-free finance for the first three years and thereafter at the rate of 4%, repayable in 10 annual installments.

In 1918, the Centre transferred the subject of Cooperation to the States (then Provinces). State Cooperative Acts were constituted based on the Act of 1912. In 1942, the Central Government enacted the Multi-Unit Cooperative Societies Act, 1942 with an object to cover societies whose operations are extended to more than one State.

After independence, various steps were taken to strengthen the movement. The advent of Planning in the early 50's with its moorings in democracy and socialism and the emphasis on "growth with social justice" added a new significance and positive role to cooperatives in India. Cooperation, in the Indian Five Year Plans has been treated as a distinct sector.

The first plan (1951-56) gave a concrete expression to the trends which were gradually developing, but did not spell out the reciprocal obligation of the state towards development of cooperatives. This was done in the second plan (1956-61), which had the benefit of the findings and recommendations of the All India Rural Credit Survey Committee Report (1954). The second plan clearly committed the state's role in building

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cooperative sector. Cooperative sector and cooperation was assigned an important role as an effective instrument of fulfilling its objectives. The policy and programmes as laid down under the second plan, continued during the third plan (1961-66) also. This plan provided for the development of cooperatives in many branches of economic life and supported diversification of cooperative activity in various sectors. The fourth plan (1969-74) emphasized that "it will be a part of the policy to ensure that the opportunities before cooperatives are as large and varied as they can utilize effectively". It envisaged greater use of cooperatives for the development of small and marginal farmers and the weaker sections of the community. The fifth five year plan (1974-79) also recognized cooperatives as an important institutional frame work to ameliorate the conditions of weaker sections, particularly in providing inputs and working as an important link of national public distribution system. The plan recognized the importance of cooperatives and stated, "there is no other instrument as potentially powerful and full of social purpose as the cooperative movement". The sixth five year plan (1980-85) envisaged that cooperatives should be strengthened for development of weaker sections, besides assisting the government in creating a strong and comprehensive public distribution system oriented to the requirements of the weaker sections of the community.

In the back-drop of the objectives to achieve increased agricultural production, diversification of activities, raising productivity levels, remove regional imbalances, pay special attention to weaker sections and employment generation, the strategy of cooperative development was included, though not very precisely, in the subsequent plans.

Government's assistance to the cooperatives could broadly classify into four categories, which are briefly described as follows:-

(i) Policy Support

The Government's policy towards cooperatives in earlier years was being reflected in the Plan documents. One of the Directive Principle of the Constitution of India is that "the State shall endeavour to promote cottage industries on individual or cooperative basis in rural areas". The Industrial Policy Resolution (1956) of the Government of India stressed that "the principle of Cooperation should be applied wherever possible in steadily increasing proportion and the activities of the private sector developed along cooperative lines". Thus in the matter of licensing of new capacity of sugar factories and oil mills, preference was being given to cooperatives. Similarly, in the matter of distribution of fertilizers, the allocations for imported fertilizers was made on a preferential basis to cooperatives; in the allotment of fair price shops preference was given to Cooperatives. This indirect policy

support of the Government facilitated expansion and diversification of the cooperative sector. The internal and structural weaknesses clubbed with regional imbalances, however, necessitated the need for a clear cut National Policy on cooperatives. Thus, a comprehensive **National Policy on Cooperatives** was announced by the Government of India in April, 2002.

Its main objectives included to provide cooperatives necessary support, encouragement and assistance so as to ensure that they work as autonomous, self reliant and democratically managed institutions accountable to their members and make a significant contribution to the national economy. The policy aims at ensuring the functions of cooperatives based on the Manchester Declaration of International Cooperative Alliance 1995 (voluntary and open membership, democratic member control, members' economic participation, autonomy and independence, education, training and information, cooperation among cooperatives and concern for community).

The salient features of the policy are:

- While upholding the values and principles of Cooperation, the National Policy recognizes the Cooperatives as autonomous association of persons, united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise;
- Recognizes Cooperatives as distinct economic sector and integral component of the socio-economic system of the country and an effective and potential instrument of socio-economic development.
- Accepts the need to phase out its share holdings/equity participation in the cooperatives. The cooperative shall be enabled to set up holding companies/subsidiaries, enter into strategic partnership, venture into futuristic areas like insurance, food processing and information technology etc., and shall be independent to take the financial decisions in the interest of the members and the furtherance of their stand.
- Recognizes the role of the Government in ensuring that the benefit of liberalization and globalization in the emerging special provision in the Cooperative Societies Act with regard to banking, housing, real estate development, processing, manufacturers Cooperatives, infrastructure development etc.
- Undertakes to devise and execute suitable programmes and schemes to build and develop cooperative institutions in the cooperatively under developed states/regions with particular reference to the North Eastern State including Sikkim;

- Recognizes the support of Cooperative Movement to develop human resources, Cooperative education and training, appropriate technologies and infrastructural facilities so as to promote professional management in Cooperatives.
- Undertakes to initiate structural reforms in order to improve the functioning of the Cooperatives at various levels to ensure greater efficiency and viability.

(ii) Financial support

Large public funds are committed to supporting the cooperative movement in its various activities, particularly in the rural sector. The Government's assistance to cooperatives is given in shape of share capital contribution, loans and also grants both towards capital as well as revenue expenditure. The policy of state partnership in cooperatives and state participation in their management arose out of the recommended time of the Rural Credit Survey Committee Report in 1954. That Committee recommended what is known as the Integrated Scheme of Rural Credit, the main components of which are: Firstly, the State should participate in the share capital of various types of cooperatives at different levels to provide momentum and opportunity to cooperatives. Secondly, credit alone is not an "open sesame" but an instrument of development which should be an integral part of an overall programme of marketing, processing and other allied economic activities. Thirdly, the operational efficiency of cooperative should be improved by appointing adequately trained and efficient personnel responsive to the needs of the rural people. For implementing the Integrated System of Rural Credit including processing, marketing and storage, the committee suggested divisions of responsibility at the All India level between the Reserve Bank on the one hand for cooperative credit programmes and the Government of India, on the other for marketing, processing, storage and other economic activities. The committee also recommended the establishment of certain Funds at the national level by the Reserve Bank of India for agricultural credit and by the National Cooperative Development Corporation for input distribution processing, storage and marketing of agricultural produce.

The Government of India broadly accepted the recommendations of the Rural Credit Survey Committee and created certain funds like the National Agricultural Credit (Long term Operations) Fund and the National Agricultural Credit (Stabilization) Fund. The Government of India also established the National Cooperative Development Corporation as a statutory organization for promotion of cooperative economic activities in rural areas for input distribution, processing and marketing of agricultural produce. The National Bank for Agriculture and Rural Development established in 1982 took over the functions of the RBI and the Agriculture Refinance Development Corporation in respect of agricultural credit. National Dairy Development Board was set up under an Act of Parliament with the prime

objective of promoting, developing and financing dairy and milk production activities particularly in the cooperative sector.

(iii) Legislative and Administrative Support

Under the Indian Constitution, "Cooperative Societies" is a subject allotted to the federating States. Every State has enacted cooperative legislation to govern the incorporation, regulation and winding up of cooperative societies in their States. These Acts confer certain privileges on and concessions to, cooperative societies. In recent years, these Acts have been amended to provide for promotion of the interests of weaker sections and also to stem the possible growth of vested interests in cooperatives.

While the sector has grown in volume, most cooperative societies lack autonomy due to direct intrusion of the state in the governance and management of cooperative societies. The reason is that the cooperative movement in India was initiated by the government with ideology of state partnership in terms of equity and also partnership in terms of governance and management.

Since 1990, the need for cooperative reforms was articulated by many committees. In 1991, the Brahm Prakash Committee proposed a Model Cooperative Law, in order to make cooperative self reliant, autonomous, and democratic. Progress in implementing the suggestions is tardy because of the states' unwillingness to share in costs and their reluctance to dilute their powers. Only nine states had enacted the Mutually Aided Cooperative Societies Act.

There is a Registrar of Cooperative Societies in every State who is to be "the friend, philosopher and guide" of the cooperative movement. Besides certain statutory functions, the Registrar and his officers provide constructive supervision over and guidance to, cooperative societies. Besides the state cooperative officers, NABARD and the National Cooperative Development Corporation also provide guidance in the promotion and development of cooperatives. Financial assistance and grants to cooperative federations/projects for employing managerial and technical staff is also provided to strengthen their administrative set up and management.

In a landmark development, the Constitutional (Ninety Seventh) Amendment Act, 2011 has now become effective from 15.2.12. The amendment in the constitution in addition to including the right to form Cooperative Societies as a Fundamental Right under Articles 19, also empowers the Parliament in respect of multi-state cooperative societies to make appropriate law ensuring the functioning of the Cooperative Societies in a democratic and

professional manner. This is a major initiative to strengthen and reinvigorate the cooperative societies in the country.

(iv) Cooperative Training

Training of cooperative personnel is an area in which Government provides large support to the cooperative movement. A national network of training facilities for cooperative personnel has been evolved and established. There is a National Council for Cooperative Training (NCCT) which is located in the National Cooperative Union of India the spokesman of the cooperative movement in the country. This council is in overall charges of the cooperative training programme in the country. The institutional arrangements for training consist of Vaikunth Mehra National Institute of Cooperative Management, Pune, 19 Regional and State specific Institutes of Cooperative Management and 91 junior training institutions. While the first two are directly under the administrative charge of the NCCT and are funded by the Central Government the last is the responsibility of the State Cooperative Unions and the State Governments. The NCCT provides academic support and guidance to the cooperative training centres for junior personnel.

COOPERATIVE BUSINESS ENTERPRISE – BASIC FEATURES

COOPERATIVE AS A BUSINESS ENTERPRISE - KEY DIMENSIONS

Cooperative Society is a form of organization which is registered and regulated according to the provisions of the State Cooperative Societies Act and Rules. It is different from other form of business organizations like private proprietorship, partnership, Joint Stock Company, corporation and public undertaking. The nature and features of cooperative enterprise are unique and distinct. While cooperatives are also businesses, the main objectives for the people to set up or join a cooperative is to improve their economic and social conditions through joint action for the good of all members. Thus, blends both the cooperative character and business enterprise principles, hence cooperative enterprise.

COOPERATIVES – THEIR IDENTITY, VALUES AND PRINCIPLES

Cooperative character provide an independent identity to cooperative organization which emanates from the statement of its identity or definition, values and principles approved by International Cooperative Alliance Congress held in Manchester in September, 1995. All countries of the World where cooperative form of organization is in operation have to ensure that these values and principles are being adhered to by cooperatives. Government of India and State Governments, in pursuance of this are bound to incorporate the basic premise, spirit and purpose of cooperation in the local cooperative law.

The statement of new cooperative identity containing definition, cooperative values and cooperative principles are explained hereunder -

Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

COOPERATIVE PRINCIPLES

1st Principle : Voluntary and Open Membership

Cooperatives are voluntary organizations open to all persons able to use their services and willing to accept the responsibilities to membership, without gender, social, political or religious discrimination.

2nd Principle: Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote), and cooperatives at other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to and democratically control, the capital of their cooperative. At least part of the assets is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surplus for any or all of the following purposes: developing the cooperative, possibly by setting up reserves part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5th Principle : Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, members and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

6th Principle: Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local national, regional and international structure.

7th Principle: Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

BUSINESS ENTERPRISE: PRINCIPLES AND PRACTICES

Common economic, social and cultural needs and aspirations of members can be fulfilled through jointly owned democratically controlled business enterprise. It is the business enterprise or economic activity which generates income. One can't generate income without earning profits. Sustained efforts to increase income of members will ensure their economic development at the first step, followed by social and cultural development. Cooperatives, can genuinely serve the cause of members on long term basis if they operate as business institution geared to succeed in market competition. The members participation and trust would increase if they can

produce visible and tangible (economic and social) benefits for members, overweighing the costs involved in cooperation. The cooperation's essentially being a business organization, though with integrated "social objective", have to follow strictly pertain business principles and practices:

Entrepreneurship: Promoters and elected/nominated representatives of cooperative have to be entrepreneurs in true sense of the terms. Cooperative entrepreneur is one who organizes people and resources, identify feasible economic activity, take risk, motivate and lead production, marketing and other services and reap the benefits.

Business Planning: A plan developed on local area potential and needs of different types of members ensuring viable business activities is the key. It also enables the society to realize its potential as an independent institution capable of taking its own business decision, imbining commitment for successful implementation.

Investment: Members of cooperative are its owners. As owner, they have to find opportunities for investment. Increase in investment leads to diversified business activities which in turn will satisfy the diversified needs and interests of various groups of members.

Capital Mix: Owners' capital may not be sufficient for undertaking economic activity. Hence, they may go for borrowed capital. Even members may not be able to arrange minimum share capital to avail borrowings, hence they have to seek government participation in share capital. What will be capital mix has to be decided by considering various options as they have serious implications on decision making and management of cooperative.

Production and Marketing: Production society has to be integrated the efforts of production and marketing to complete the business cycle. Isolated efforts in respect of production or marketing will not create desired results.

Efficiency: Business results must be achieved with minimum cost as far as practicable. Cost reduction is also a way to enhance income. Trained and competent manpower and management capable of adopting and using IT/computerization may be more efficient in running the business operations.

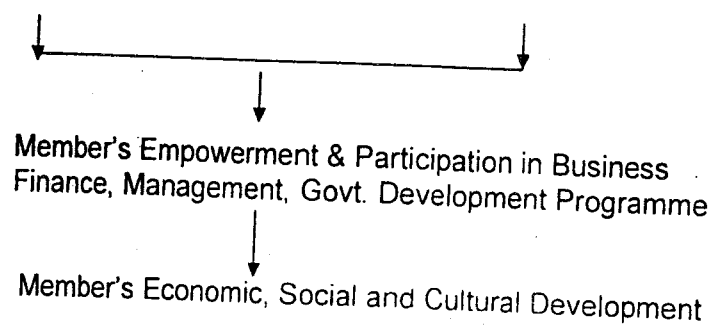
Organization Structure: Cooperative society must function following suitable organization structure. Creation of suitable structure implies identification of work/tasks, grouping them, departmentation, creating authority-responsibility relationships, delegation, span of control and also rules and work process.

Size of Operation Scale: Each for its profitable operation has its minimum size or scale of operation. Hence, before joining for any such activity – production or marketing or any services, scale of operation must be ascertained. Further, minimum to higher size

Competent and Motivated Management: The paid managers and staff of the cooperative should be motivated, experienced and dynamic, able to plan and implement business activities, operate and use the system and infrastructure to help cooperative achieve its goal as an enterprise.

A COOPERATIVE MUST FUNCTION BY INTEGRATING COOPERATIVE CHARACTER AND BUSINESS CHARACTER

<u>C.C.</u>	+	<u>B.C.</u>
<ul style="list-style-type: none"> - Coop. Values - Open & Voluntary Membership - Democratic Member Control - Member Economic Participation - Autonomy and Independence - Education, Training & Information - Concern for Community 	<ul style="list-style-type: none"> - - - - - - - 	<ul style="list-style-type: none"> Entrepreneurship Investment Capital Mix Production & Marketing Efficiency Organization Structure Size of operation scale



A cooperative which believes, promote and integrate both the cooperative and business principles in its functioning, can offer real advantages to its members, area and economy, over the alternative form of organizations. The cooperatives have to make sure their services/activities are available to the members with advantages/at lower costs, over their competitors through:

- economies of scale
- reducing transaction costs
- reducing uncertainty concerning prices, availability etc.

HOW TO DO IT – STRATEGY – STEPS

1. Organize people for cooperative association
2. Prepare draft byelaws with due clarity and acceptability of all members.
3. Formalise cooperative under legislation.
4. Elect management and appoint professional managers/staff.
5. Decide which business to take up based on needs of members.
6. Prepare feasible business project
 - a) What goods or services to be produced
 - b) Financial requirements and funding pattern
 - c) Marketing of product/services
 - d) Estimates of income and expenditure
7. Arranging share capital and borrowed capital
8. Completing construction and other facilities
9. Getting ready to start the business
10. Prepare business development plan
11. Try to achieve operational objectives – sales and revenue targets
12. Involve members at every stage for arriving at key decisions
13. Consistently promote cooperative and business characters, values and principles with conviction
14. Develop BODs/Members and paid manager/staff for their respective role and responsibilities

UNDERSTANDING THE PRIMARY COOPERATIVES (PACS)

**– CONCEPT, ENVIRONMENT, SWOT,
PROFIT PLANNING, RESOURCE
MOBILIZATION AND
ITS DEPLOYMENT**

UNDERSTANDING THE PRIMARY COOPERATIVES (PACS)

Concept, Environment, SWOT, Profit Planning, Resource Mobilization & its Deployment

* Deepa Srivastava

The Primary Agricultural Cooperative Societies (PACS) are the foundation on which the entire Short Term Cooperative Credit Structure is built. The clientele of PACS are mostly small and marginal farmers, living in remote rural locations. Their vast network, close proximity with the members and their significant share in credit dispensation to agriculture epitomizes the vitality and service potential of the cooperative movement in India. It is the primary society that directly touches the life of the farmers by way of various developmental activities in agriculture, small industry, marketing, processing, distribution etc.

The Indian Cooperative Movement has earned the distinction of being the largest in the world with cooperatives having covered almost 100% of the villages. However, the PACS often have to face certain challenges like unsatisfactory working results, poor recovery performance, high incidence of NPAs, high transaction costs, poor deposit mobilisation, lack of diversification, inappropriate systems and procedures and low motivation among the staff etc.

The PACS may need to have an enabling environment in which a member feels comfortable to transact i.e. borrow & deposit his funds. He has to be assured of good services & safety, liquidity and return on the funds. This requires ability of the PACS to transform themselves in to strong & vibrant organization. In short, the growth of PACS is dependent on how quickly & efficiently they diverse their business activities.

The list of activities that are being taken up by the PACS and the organizational goals that they have been able to fulfill, are enlisted in the following table.

Sl.No.	Activity	Goal being fulfilled
1.	To provide loans to its members in cash and kind	To reduce the dependency of the members on money lenders in order to meet their credit needs for crop husbandry activities
2.	To provide input supply to members who are agriculturists	To improve the production and productivity of crops
3.	To procure the agricultural produce from the members and arranging for their grading and storage	To ensure remunerative prices to the members

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4.	Supply of consumer items from the retail outlet	To provide supply of essential items of members at reasonable prices, duly ensuring quality
5.	To take up agricultural extension services	To improve the farming practices being adopted by its members, leading to improvement in productivity.
6.	Take up processing activities	To ensure value addition and remunerative prices to its members
7.	To provide transport services	To ensure that the product reaches the market in time so as to facilitate remunerative price for the produce
8.	Taking up area development schemes	To hasten the development of its members and the area of its operation
9.	Acting as intermediary between development agencies and the members	To facilitate access of benefits being offered by development agencies to its members
10.	Accepting deposits from members	To encourage thrift among the members.

Thus, PACS, a members' organisation, could work for the betterment of members in many ways. Each PACS has to decide, based on its members' needs and its own opportunities and resources, the services that could be provided by it to the members. The PACS have been created to assess the credit needs of members, disburse credit and recover loan instalments from them as also profitably promote the economic interests of the members.

PACS - being people owned institution, wide network, rural location; intimate understanding of the needs and psychology of rural clientele - makes them the best institution to cater to the credit needs of the rural area. Considering that nearly half of the rural agricultural households are yet not covered by our formal institutional agencies, there is a vast scope for improving the operations of PACS. For this purpose, there is an urgent need to make PACS strong. They should be able to meet the needs of their members with their own efforts. The fact that cooperatives have provided a better access to institutional credit to small and marginal farmers strengthens this argument.

Organizational - SWOT (Strengths, Weakness, Opportunities & Threats) Analysis

PACS, like the other organisations of the ST Cooperative Credit Structure, are in a changing environment. To cope up with the change, they have to take stock of the situation and formulate suitable strategies for business growth and profitability, keeping in view their organisational goals. To achieve the goal set within the time frame and with in the limited resources, the organisation needs to clearly plan its future course of action.

This is normally done through a combined process of organisational analysis (to understand what are the capabilities and weaknesses of the organisation) and an in-depth analysis of the environment in which the organisation is working (so as to identify the opportunities for growth and development that are available to the institution in the outside world and the threats/dangers that the organisation may have to face from outside). After undertaking this process, the organisation makes an attempt to match its strengths with the opportunities (for its development) weaknesses with the opportunities (for developing suitable capacities with in the organisation or overcoming the identified weakness so as to make it ready to encash the opportunities), strengths with threats (to ward off potential threats) and to tide over the dangers of survival posed by external environment. Thus, organisational analysis is an important step in planning process as it provides a direction to the organisation in achievement of its organisational goals.

"Strengths" are those factors that help in achievement of the goal. For example, a PACS which has mobilised sufficient deposits will be in a better position to meet the credit needs of the members in a cost effective manner. Hence, it is a strength. Similarly, having a storage godown could also be reckoned as strength; as the society will be able to provide storage and related credit facilities to the members. If the society has a history of making dividend payments, it could also be considered a strength as members will have confidence in keeping their money with the society.

"Weaknesses" are those factors, which come in the way of achievement of the goals. For example, if the society has large amount of accumulated losses or NPA, it is a weakness as its ability to meet the credit and other requirements of its members, even non-defaulting members, will be limited. Creditors may hesitate to give fresh lines of credit to the society. New members may not like to join.

The "Opportunities" and "Threats", which form the other two components of the SWOT analysis, are factors which are not present in the PACS but are present in the environment in which it is functioning, i.e., outside the society. In other words, they are external factors, which influence the functioning of the society in some way or the other. The word "environment" means the outside world in which the PACS is functioning. This outside world could be classified into four categories, namely, "Social", "Technological", "Economic" and "Political" environments.

Social' factors could be the customs, beliefs and traditions of the communities living in the villages being served by the PACS. For example, customers reluctant to repay the loan on Friday, saying it is inauspicious.

"Technological factors could be introduction of new technology. E.g. Introduction of combined harvester in agricultural operations or computerisation of PACS.

"Economic" factors could be those which would have bearing on the income and employment status of people living in the area. E.g. introduction of contract farming by a private company in the operational area of the society.

"Political" factors could be those which bring a change in the political system or a policy of a Government. E.g. loan waiver, interest subsidy etc.

These environmental factors also affect the functioning of the society either positively or negatively. Their impact has to be studied and understood carefully to know whether they will help or hinder the achievement of the desired goals. These environmental factors do not remain permanent. They keep on changing with changing times. These changes have to be understood.

The "Opportunities" represent those factors/features of the external environment, which can be exploited by the PACS to its advantage. For example, if the external economic environment shows that farmers are switching over from traditional crops to cash crops, there is an opportunity to the PACS to increase its credit and other support necessary for these new crops.

The "Threats" are those factors which are present in the external environment and threaten the achievement of the goals of the PACS. For example, if banks in the area have introduced new and attractive savings or credit products and the society has not done it, will be a threat to its business.

The "Opportunities" have to be exploited or taken advantage of by utilising the existing "Strengths" and reducing existing "Weaknesses". The "Threats" have to be warded off by taking appropriate steps to minimise their impact. For example, if the society introduces similar credit or savings products as introduced by competitors, the chances of its members going over to the other institution for this reason are minimised. In case there is a threat of increased competition, the society can try to retain its members by improving the quality of its services – say, prompt and timely sanction of credit, helping them get necessary extension services/guidance, etc.

An illustrative SWOT analysis of a model PACS may be as under:

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> ✓ Good local knowledge of people and their needs. ✓ Customers are owners ✓ Service at door step/neighbourhood 	<ul style="list-style-type: none"> ✓ Inadequate resources ✓ Dependency on DCCB for funds and guidance ✓ Restricted knowledge and limited operations 	<ul style="list-style-type: none"> ✓ Revitalisation opportunity provided by VCR * ✓ Scope to diversify operations. ✓ Large number of customers yet not having access to formal banking system. 	<ul style="list-style-type: none"> ✓ Commercial Banks taking away good customers, offering them better facilities ✓ Vitiating business environment.

* Vaidyanathan Committee Report

It is not enough to identify the strengths, weaknesses, opportunities, and threats of a PACS. In applying the SWOT analysis it is necessary to minimise or avoid both weaknesses and threats. Weaknesses should be looked at in order to convert them into strengths. Likewise, threats should be converted into opportunities. Lastly, strengths and opportunities should be matched to optimise the potential of the organisation. The general strategies arising from the SWOT table are illustrated in the table below.

	OPPORTUNITIES IN THE MARKET	THREATS FROM THE MARKET
STRENGTHS OF PACS:	<p>Use the strengths to encash the opportunities (how to use the opportunity) Eg: Introducing new loan product to existing members. To how many members the society can give a loan for installation of drip irrigation system. (as government has introduced subsidy for drip irrigation)</p>	<p>Use the strengths to fight the threats from the market (how to face this challenge) E.g.: Raising additional resources in order to withstand the competition posed by neighbouring commercial bank branch (offering liberal credit limits to clientele).</p>
WEAKNESSES OF PACS	<p>Develop capabilities to take advantage of the opportunities (what to develop, in order to make best use of this opportunity) e.g.: A society going for installation of banking counter (earlier weakness: lack of banking infrastructure) and face lift of the premises for attracting new deposit resources from potential customers.</p>	<p>Develop skills and capabilities required to survive. (what to do to survive) e.g.: Member education and capacity building of staff on NPA and recovery management to combat the threats of loan waiver coupled with the weakness of low recoveries.</p>

At the current juncture, despite weaknesses and threats, PACS have adequate strengths and the environment is full of opportunities. Each PACS needs to analyse its own environment (both internal and external) and come – up with suitable strategies to its advantage.

Profit Planning :

Profit is the difference between total income earned and total expenditures incurred by an institution/organisation (say a Cooperative Society) during a particular period of time (accounting period i.e. say one year). The simple formula for understanding the profit is;

$$\text{Profit} = \text{Total Income} - \text{Total Expenditure}$$

Profits in cooperative societies come through careful planning and strategy. A loss making Society **should**, therefore, plan to earn profit (i.e. achieve current viability) immediately and **should** try to wipe out the accumulated losses, (i.e. attain sustainable viability) in the balance sheet at the earliest. On the other hand, a profit making society should continuously **strive** to increase its profit.

Sources of Income of Cooperative Societies:

Income in Cooperative Societies comes from following three sources:

- Interest earned on advances
- Interest earned from bank balances/ investments with DCCB, if any
- Miscellaneous income which is earned from non-credit/non-fund business including PDS, Agricultural inputs and non-PDS (consumer items), etc., if any.

Areas of Expenditure of Cooperative Societies:

Expenditure or costs in Cooperative Societies are broadly grouped under the following heads:

A. Financial costs

- Interest on deposits
- Interest on borrowings

B. Transaction costs

- Salary and payments to staff – known as wage bill or cost of management
- Other operating expenditure

C. Risk costs

Incremental Provisions made towards Non Performing Assets (NPAs) during a year.

Resource Mobilization

Sources of Funds for PACS

PACS may raise funds from two sources viz., (a) members by way of share capital & deposits and (b) higher financing agencies by way of borrowings. Apart from these sources, they can generate resources by way of earning net profits and recycle the same in their business

Desirable resource mix

The resources of PACS normally comprise (a) paid up share capital, (b) reserves, (c) deposits, (d) borrowings and (e) other liabilities which include surplus/profits, if any. These resources could be categorised into two types viz., cost free funds - paid up capital, reserves and other liabilities; and cost bearing funds - deposits and borrowings. The composition of these two types of funds in total resources determines the average cost of funds and thereby, the financial margins and profitability. Higher the proportion of cost free funds, lower is the average cost of funds. Lower the cost, better is the margin and so the profit. Therefore, resource mobilization has a direct relation with cost and margin or income or profit and the strategy should focus more on generation of no cost funds i.e. share capital and reserves and on low cost funds i.e. deposits to keep the cost of funds as low as possible. The desirable mix of resources should be higher proportion of low cost funds i.e. share capital & reserves plus deposits and lower proportion of high cost funds i.e. high cost deposits and borrowings.

Augmenting Share Capital by increasing the outreach

To increase share capital, PACS needs to increase their outreach and therefore should adopt suitable strategy to increase membership, increase borrowing membership and issue more loans since the share capital is linked to the amount of loan issued. Mobilization of members for the society is the first step towards establishing a viable society. For this purpose, the society may review its present membership and endeavour to make all the residents of the village including small and marginal farmers, agricultural labourers, artisans, small traders, Self Help Groups, women and other weaker sections of the village to become members/ nominal members of the society and avail the services. The society may have to evolve and provide new products and services in tune with the members' needs. Every attempt should be made to ensure that members get all their requirements of credit and services fulfilled from the society.

Deposit Mobilization

Management of cost of funds at lower level essentially requires greater ability of PACS to mobilize resources at lower costs just like banks, mobilization of deposits will not only enable the PACS to reduce the cost of funds but also reduce greatly their dependence level on external funds. The offering of deposit facilities by the PACS also promotes thrift habit among the members. In the long run, it provides a corpus to meet family needs like old age requirements, children's education, marriage, agricultural investments without recourse to loans etc. The society should propagate these benefits among the members and motivate them to save with the society.

Strategy for deposit mobilization

For mobilization of deposits, the PACS could devise clear strategies which would help them mobilize deposits from their members in the competitive environment. While the PACS could devise their own strategies, some of the indicative strategies are mentioned below:

- i. Introduction of new deposit product which should be more attractive than the products offered by competitors.
- ii. Creating awareness among the members – meetings, display on boards in the premises of the society, printing briefly on the rear or back side of the loan pass book, deposit pass book etc.
- iii. Approaching every household in the area
- iv. Opening no frill accounts
- v. Organising more number of SHGs
- vi. Taking help of Farmers' Clubs
- vii. Setting targets for opening of new deposit accounts
- viii. Providing better customer service
- ix. Approaching retail business units in the area of operation
- x. Approaching service holders, school teachers etc. in the area
- xi. Retaining the existing depositors – good and satisfactory service, timely payment of deposits, timely renewal of deposits, issuing loans against deposits etc.
- xii. Launching daily deposit scheme
- xiii. If required, offering 0.5 to 1.0% higher interest over the rates offered by other banks.

Borrowings

The PACS may resort to borrowings only when the internal resources generated are not adequate to meet the credit needs of its members. Ideally, the quantum and periodicity of borrowing is decided by the cash flow statement of the society, based on the resource position. For this purpose, the society may arrive at the total funds required to meet the credit needs of its members and deduct from that the lendable surplus generated by deposits and owned funds. The gap would be the borrowing requirement of the PACS. However, the PACS should consider the following before taking recourse to borrowing:

- Compare the cost of deposit with cost of borrowings
- Need and timing for borrowing
- Institutions from which they want to borrow
- The rates of interest charged by the institution
- The purpose for which they should borrow

Prudent borrowing should be strictly need based, cost effective, advantageous, on favourable terms and conditions

Opportunities For Deployment Of Resources

I. Diversification in Issue of Short Term Loans

Following are the strategies that would help the society to increase its portfolio under ST loans.

- a) Mapping of credit requirement of various segments of the members
- b) Mapping of seasonal requirement
- c) Survey of the economic situation of its area of operation
- d) Assessing the working capital needs of artisans, weavers, petty traders, small business functioning in its area
- e) Designing member friendly loan products
- f) Educating the members the need for availing the loans from the society and repaying the loans within the stipulated repayment period
- g) Promotion of SHGs, JLGs, HWGs, Artisan Groups and other activity based groups.

II. Term Loans

It is beneficial for the PACS to take up long term credit also in order to improve its business volume and profitability. Financing for long term loans will create assets and helps in capital formation which is very important from economic point of view. The members will also be benefited as their credit needs will be met from a single agency/source.

III. Personal Loans

Not many banks are offering personal loans to rural customers, that too for agriculturists, whose income can not be quantified easily. It is in this segment; PACS could take advantage with their expert knowledge of their members and their financial status and needs. Another opportunity that the PACS could think of is a new product being offered by other private banks. The PACS could canvass the loan proposal for its member, maintain the loan account and monitor the same. It may collect the repayment and forward the same to the financing bank. In short, this becomes a non-fund business opportunity. The PACS is paid a percentage of loans outstanding as fee for the service.

IV. Non-Credit And Non-Fund Business

On broad categorization, the services being provided by PACS could be divided in to the following :

- i) **Input supply:** Under this service, the society takes up input supply to ensure supply of good quality inputs (like seeds, fertilizer, pesticides etc.,) at reasonable prices to its members, at their door step.
- ii) **Marketing of Agricultural output:** Under this activity, the society surveys the major crops and commodities produced by the members and enters in to bulk supply agreement with a buyer. This ensures that the members are provided a remunerative price for their produce, besides savings of transportation costs, marketing expenses and ensure that the sale proceeds are received by members in full, at the earliest, without any hassles.
- iii) **Consumer services:** The society could step in to this business to provide quality goods and services, at reasonable prices. This activity requires careful identification of products, monitoring the movement of products and analysing the margins. It is essential to realize here that it is not margins, but volumes that generate profit in this business.

In addition to the traditional services being offered by the society, the modern business opportunities that are knocking on the doors of PACS could be varied; ranging from transportation, railway reservation to photocopy shop, mobile/sim recharge, mineral water supply, saree printing, paper bag unit etc. to cite a few.

In the ultimate analysis, the bottom line that determines whether a society would take up a particular activity or otherwise is that the proposed activity should not only bring benefit to the member, but contribute to the viability of the society.

MAKING AGRICULTURAL COOPERATIVES EFFECTIVE AND SUCCESSFUL

MAKING AGRICULTURAL COOPERATIVES EFFECTIVE AND SUCCESSFUL

*** Deepa Srivastava**

All over rural India, there are a large number of cooperatives known by different nomenclatures such as Multipurpose Cooperatives Society (MPCS), Primary Agricultural Credit Society (PACS), Farmers' Service Cooperative Society (FSCS) Cooperative Rural Bank (CRB) etc. All these primarily are agricultural cooperatives (agricoops) having similar objectives, namely, to fulfill the financial, production, marketing and consumption needs of their agriculturist members. The cooperative approach, as enunciated by ICA in the seven principles of cooperation, is to let users of a service, own that service and manage it democratically in a way that the users get the maximum benefit without exploiting others.

I. Potential of agricoop

An effective agricoop offers an alternative to money lenders, traders and other intermediaries by being a means through which members of a community can get together to fulfill their common needs and aspirations. The tools for trading here belong to the members of the agricoop, who decide how to use them so as to reap the benefits of trade. Primarily, two things are necessary for an agricoop to be strong and viable:-

1. Integrated services well patronized by its members
2. significant internal funds/resource generation

1. Integrated Services

Conceptually, each agricoop is to provide timely credit and other inputs for agricultural production, facilities for marketing of output produced by members including its processing and also to supply essential commodities and other consumer goods. In the absence of a package of integrated services, the members can expect little benefits to accrue and it is quite unlikely that they take due interest in the affairs of the agricoop, even though it is their own.

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Most agricoops have confined their activities to providing crop loan services alone, where they operate on a very slender margin and high costs. Any attempt to organize "retail" credit to thousands of members becomes more expensive than giving large loans to a few borrowers. Thus, in order to break even, it becomes necessary for agricoops to have a very high volume of lending and recovery business. Further, factors like government interference in recoveries, politically vitiated atmosphere, waiver of interest, natural disasters and willful default etc. make it difficult for most of the agricoops to reach high levels of credit business or attain economic viability.

Importance of non-credit business activities for viability

However important timely credit is for an agriculturist, accessibility to other inputs such as seeds, fertilizers and pesticides etc., on time is equally important for production. The agricoop has to organize timely supply of these inputs so as to help its members increase production and attain viability for itself.

Importance of marketing

In organization of credit and other input supply, an agricoop acts as an agent of the financing bank, the fertilizer manufacturer etc. However, it is through the activities of processing and marketing of members' produce that an agricoop acts as an institution of its members and may even earn 9% - 12% margin to contribute towards its profitability. This facility provides members a stable, better, fair and remunerative market for their produce, saves on transport/ other costs and thus increase their earnings. This facilitates taking the load off his mind to find a fair market and the member can instead channelise his energies in being more productive.

2. Internal funds

Internal funds like reserves, share capital and deposits from members that can be mobilized at comparatively lesser cost would aid taking up of noncredit activities by the agricoop. A few successful agricoop have raised internal funds by adopting the following measures either in isolation or in combination.

- Increasing members' base
- increasing the value of a share
- reducing individual member's borrowing power in relation to his share capital
- introducing special shares for different services

- adding dividend payable to share capital
- increasing members deposits by introducing self regulated thrift, i.e., contributing towards a thrift deposit a fixed percentage of loan amount every time a member borrows from the agricoop and by introducing various other savings schemes
- increasing the profitability of activities and thereby increasing the reserves

Efforts of agricoop to mobilize funds internally from their members have proved successful wherever the -

- resultant benefits expected to flow by applying these additional funds are clearly perceptible to the members
- members have reasonable confidence in the ability and integrity of both the elected non officials and paid staff
- elected members and paid staff demonstrate their willingness to be accountable to the General Body by regular conduct of meeting etc.
- new activities yielded profits to the agricoop and members received dividend on their share capital

Apart from making it possible for agricoop to initiate viable non-credit activities, internal resource generation also resulted in increased member control and better management. With a significant amount of their investment in agricoop, the members not only started demanding relevant and better services but also a reasonable return on their investment in the agricoop. Members' participation in the meetings improved considerably. With a significant portion of their investment at stake, members displayed care in electing the committee members who could perform and deliver results. The language of money transcends all the barriers of ignorance, illiteracy, caste etc. and financial participation seems to trigger the beginning of a meaningful and effective participation in other areas as well. This pressurizes the staff too to work consistently towards the fulfillment of the needs of the members of these agricoop.

Participative planning and democratic decision making enables the entire coop committed to its objectives. Such participation ensures that coop. undertakes viable, creative/imaginative and relevant activities by consciously choosing the path it wishes to tread upon. Presentation of these plans to General Body for discussion and approval ensures that changes in management will not automatically mean changes in activities. Activities like research, publication, training, member education, cooperation with other

cooperatives etc. all help promote viability. An agricoop undertaking multifarious activities and becoming a true multipurpose cooperative (multi. Coop) would effectively carve a distinct identity for itself in due course.

II. Pre-requisites for effective functioning

Where a multi coop is effective:-

- it becomes worthwhile for all producers to manage their production assets effectively, as inputs are available on reasonable terms and the market is in their hands
- it becomes lucrative for the smaller producers to invest in production
- with all producers effectively using their production tools, a demand for labour is created throughout the year, and that which is not abundantly available has necessarily to be competed for
- much of the wealth generated is recycled locally through consumer services
- additional employment avenues are created directly within the coop for the management of various services, and indirectly in the area of operation of the coop for the production and maintenance of various tools
- local manpower and material resources are harnessed
- accountability of local leaders to the community is increased

An Effective multicoop-

- employs competent staff recruited from the open market, accountable to the management of the coop
- offers integrated services including savings, credit, input supply, marketing and consumer services
- succeeds in ensuring regular, free and fair elections
- introduces systems whereby even the smallest man steadily increases his financial commitment to his cooperative, over the years.

However, there are several reasons why most multicoops have failed to deliver the goods. Some of the major reasons are:

- Lack of professional management – for so sophisticated an enterprise, a multicoop needs well qualified, trained personnel.
- Lack of integrated services – most multicoops have confined their activities to organization of crop loaning services, and without a package offer of integrated services, a farmer has little to thank his coop for.

- In effective cooperative legislation – in India, cooperation is a state subject and each state has its own cooperative laws, which may at times be ineffective to harness growth potential.
- Lack of democratic control by members – conduct of elections as per law is the responsibility of government, and not that of the cooperatives.
- Over dependence on external funds – even shares in cooperatives are subscribed to by governments and financing banks. With little at stake, a member can hardly be expected to be committed.

However, with the recent reforms and constitutional amendment, these limiting factors are expected to be addressed to a good extent.

III. Factors Contributing to the Success of a Cooperative

1. Users only as members

Members are owners and patrons. A non-patron has no business participating in owner functions in a cooperative. Therefore, only patrons, that is, users should be encouraged to be members.

2. Entire equity from members

Equity defines the owners of an enterprise, who after all shall make decisions. Since equity contribution by external agencies such as financing agencies, governments, etc., may interfere in decision-making, such contribution should not be encouraged. The entire equity must come from members.

3. High equity-debt ratio

The equity-debt ratio represents the quantum of risk that members are willing to take in their enterprise and their faith in and commitment to their organization. The financial stakes of members must be significant if they are to take the management of their own organization seriously.

4. Member-centric services

All services organized by a cooperative should keep members' needs in view and accordingly, the business activities be planned, implemented and diversified.

5. Elected Board from members

Where the ownership is wide-spread and large, management accountability can be at risk. Boards of Directors must consist of deserving individuals, elected by the owner members from amongst themselves. Boards consisting of government or financing agency or federation nominees cannot be expected to feel accountable to the owners.

6. Professional management

Along with a democratic system of management, cooperatives must be professionally managed by competent, trained and qualified persons, so that the cooperative as a business enterprise prospers.

7. Employees accountable to cooperative

If employees are to work for attaining the objectives of an organization, they must be fully accountable to the organization, and their future must be linked with the future of the organization. Government officials and other deputationists from financing agencies may not serve as employees of cooperatives, and all those who do work for a cooperative must be fully accountable to the cooperative.

8. Cooperative Education and Training

In order to enhance members' orientation and to imbibe professionalism in society's functioning, it is imperative that cooperative education and training in relevant areas are organized at regular intervals for all categories of cooperative personnel so as to upgrade their awareness, skills and competencies as essential for cooperative success.

**ROLE OF FEDERAL
ORGANIZATIONS TOWARDS
CONSTITUENT COOPERATIVES
-INTER-INSTITUTIONAL
OBLIGATIONS AND
RESPONSIBILITIES**

ROLE OF FEDERAL ORGANISATIONS TOWARDS CONSTITUENT COOPERATIVES - INTER-INSTITUTIONAL OBLIGATIONS AND RESPONSIBILITIES

Concept of federalism constitutes distinctive feature of comparative system. The federation structure plays active role in the development of functions relating to promotion, organization, proper functioning and growth of the constituent affiliated cooperatives.

Significance of the concept of federalism as enunciated by Dr. Smith in his very valuable treatise on 'Evolution of Agricultural Cooperation', "decentralized bodies are a logical development from the first step of forming a cooperative. If individuals can gain strength by acting with their neighbours for the promotion of their common economic interest without losing their independence, so can the local societies by joining forces. Scattered individual societies make little impact on the economy and have little coherent thought behind them. Apart from any business functions they may perform, the federal societies set the standard and do the broad thinking for their members societies".

Crucial role of the federal structure in the development of cooperative movement finds further expression in the report of the Committee on Cooperative Credit. Committee has observed:

Cooperative banking structure as it has evolved in the country is federal. It is a merit of this set up that though the institutions at different levels are connected with each other by the bond of affiliation, they are in financial and legal terms distinct entities, each serving a set of special purpose which justify its existence as an independent unit at that level. Together these institutions constitute effective machinery functioning as balancing centres within the movement and supplementing international financial resources by borrowing from outside, i.e. from the public, money market and the central bank of the country. At the same time the fact that the structure federal in character and that the institutions at the different federal in character and that the institutions at the different levels are independent legal entities also implies that the strength of the chain depends upon the strength of each of the links.

Crucial role of federal organizations in the sound development of the constituent cooperatives has remained the core aspect of integrated cooperative development. It is recognized that for a cooperative to be alive and vigorous movement of the people, the authority for its guidance, supervision and control should be a federal agency, responsible to and representative of the federating units.

Edifice of cooperative movement certainly rests on primary cooperatives. However, the organization of secondary societies, central societies and higher federations is logically a further development in the growth process of cooperative movement. Federal structure performs the obligation of the strengthening the organization and developing the management of the constituent primaries to enable them to achieve their organizational goals and management objectives. This is how the federal structures in different sectors of cooperative movement in India has evolved.

Thus, the basic considerations behind the concept of federalism and evolution of federal structure in our country are that the units within a particular business structure act in unison and in an integrated manner. Federal structure at appropriate level provides common guiding policies to be implemented by the constituent cooperatives in discharging their obligation to their members. Federal structure, however, will need to ensure that policies laid down are based upon the requirement of effective and efficient functioning of the respective level of constituent cooperatives in achieving their organizational goals and management objectives.

Federal structure has been evolved in all the major sectors of cooperative development. Sector-wise, these structures have varying tiers and levels of units, to suit the sector/activity specific developmental needs but all these are organized on the basic premises of the role of federal structure in promoting integrated development of all the levels of constituent cooperatives in the structure.

Many of these sectoral federal structures have been able to provide lateral and vertical integration to the primary units and have been making attempts in the right direction to provide guidance and support in the development of constituent cooperatives. These federal structures have harmoniously demarcated the functions and activities to be undertaken by each of the tier under given institutional discipline.

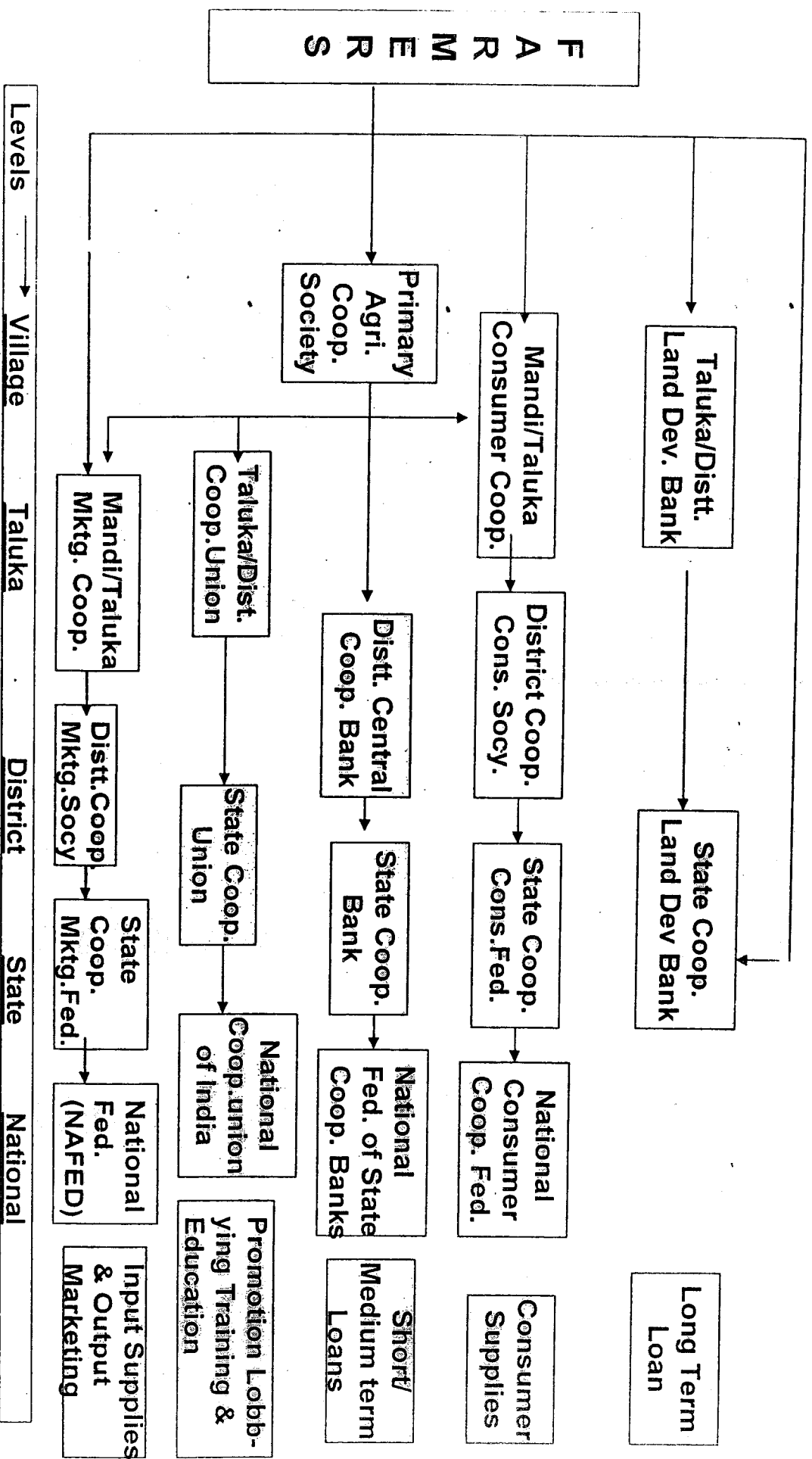
Such demarcation is so laid down that these are mutually beneficial and agreed upon, avoid overlapping of functions and fills gaps, either of guidance or support services in the structure. Evolution of milk cooperative structure on these lines provides good example in this regard.

If federal structure lose their focus on providing support and guidance to the lower constituent cooperatives in their efforts to develop integrated management for the benefits of members, such a situation is neither conducive to the development of constituent cooperatives nor it is beneficial for the development of federal structure as a whole. Federal structure of the respective sectors therefore need to develop effective institutional and functional linkages – both vertical and horizontal with clear demarcation of functions, responsibilities and obligations of each of the tiers of unit cooperatives in the federal structure.

Federal structure, thus, may be able to fulfill the objective of development of entire structure and ultimately of the cooperative sector in the country. Their organizational base may be multi-sectoral but the organizational goals in directional; viz., Integrated development of each constituent level of the whole structure in their march to the full scale growth of cooperative movement in the country to serve the common cause of socio-economic development of vast, diverse and dispersed membership of cooperative movement and fulfill their development aspirations through and by cooperative movement.

An illustration of cooperative structure in India is exhibited overleaf.

COOPERATIVE STRUCTURE IN INDIA



Note : Single Commodity Coop. set up are not included in this chart. In the present structure village level coop. also can become members of National level Federations.

**SELF-HELP GROUPS
- CONCEPT, OPERATIONS
AND LINKAGES
WITH PACS**

Self-Help Groups – Concept, Operations and Linkages with PACS

S.K. TUCKER

PRIMARY COOPERATIVES – MAIN CONCERNS

The cooperatives, by their very nature, are to be formed out of genuine need and willingness of people to fulfill their aspirations and find solutions to socio-economic problems. However, the Primary Agricultural Cooperatives (PACS) in India were largely created on government's intervention, as part of its strategy to combat rural indebtedness and forge rural development. The formation of these cooperatives was rushed through with the sole aim to cover majority of population. Peoples' drive, felt needs, awareness of cooperative beliefs and their obligation etc., were not considered important. As a result, most of the PACS lack the spirit of 'willingness' and voluntary action of people – the true hallmarks of a cooperative.

Members of PACS occasionally participate actively to provide proper perspective to their cooperative, in its business as well as general activities, and decision making through General Body. In majority of cases, they believe in participating to the extent of receiving benefits without sharing the risks and responsibilities. Agricultural Credit Review Committee (ACRC), set up by RBI in 1986 to review the agricultural credit system brought out that just 23% of members in PACS are borrowing members. The participation of members in other business and general activities of the PACS is still less. Members being the owners, managers and users of the cooperatives, their poor participation has largely contributed to the present dismal position of cooperatives. Over the years, the government's systems, law and interference have also affected their working. Today, the issues which concern performance of PACS are:-

- Lack of awareness in members about concept and philosophy of cooperation and its possible advantages.

- Lack of appreciation and willingness to perform their own role and responsibilities among members.
- Lack of adequate motivation and opportunities for members to participate in their cooperatives.
- Cooperatives becoming highly formal, rigid and large to lose cohesiveness and 'human' face to encourage participation.
- Indiscrimination by cooperatives in offer of their services – i.e. PACS serve only agriculturists and provide no or few services to members of other occupations.
- Default in payments by members to PACS forced them to become non-active.
- Lack of focus on the felt needs of all segments of members and lack of one to one interactions.
- Poor image of cooperatives and lack of conscious efforts to create mutual understanding and goodwill.

EMERGENCE OF SELF-HELP GROUPS (SHGs)

Self-Help Groups (SHGs) existing as informal, independent and voluntary small groups of people to undertake activities of common interest in rural areas in India and neighbouring countries have considerable commonality with the cooperatives in respect of their philosophy, characteristics and objectives. These SHGs are performing significantly well. These, if promote and guided by cooperatives to cover dormant and skilled segments of membership, can supplement their efforts and simultaneously deal with present day deficiencies of Primary Agricultural Cooperative Societies (PACS). These could be propagated as mini cooperatives within cooperatives for synergy.

Self-Help Groups (SHGs) are voluntary associations of people to attain a collective goal. People who are homogenous with respect to social background, heritage, caste or traditional occupations come together for a common cause to

raise and manage resources for the benefit of the group members. Few important characteristics of SHGs are:-

- Voluntary organizations.
- Posses an economic objective, frequently alongwith other social objectives.
- Members have equal status and elect their own leadership in democratic manner.
- Functioning is participatory in character.
- These are not adhoc associations but have rules and regulations, bye-laws or constitution which may be in writing.
- Some of the SHGs are formal, registered organizations while the other are unregistered and informal associations.

FUNCTIONING OF SHGs

The studies undertaken to learn working of SHGs in India have largely revealed that these have evolved their own methods of functioning. Some of the common characteristics of functioning of these groups are:-

- Most of the members of the group posses homogeneity in terms of caste/occupation/farm size/sex or income legal.
- Most of the groups have evolved flexible system of working and managing group resources.
- The group members contribute their small savings on regular basis to create common fund.
- The loan requests are dealt in periodic meetings and are settled by consensus.
- Loaning is done mainly on trust with a bare minimum documentation and without any security.
- Loan amounts are small, frequent and for short duration.

- Loans are sanctioned for variety of purposes, some of which are non-traditional and un-conventional.
- Rate of interest differ from group to group and even with the purpose of loan. The interest charged is generally higher than those charged by the banks and lower than that charged by the money lenders. Periodic meetings of the members also serve as a forum for collecting dues from members.
- The defaults are rare mainly due to group pressure and intimate knowledge of the end use of credit.

Self-Help Groups in Cooperatives

A large number of Self-Help Groups in India have been promoted by cooperatives. The SHGs have been organized by members engaged in various economic activities viz., paddy-husking, tailoring, bidi making, fish-net making, kantha stitching, basket making, piggery, goater, duckery, vegetables vending, cycle-repairing etc. Many of existing SHGs have advanced loan for making handicrafts and the womenfolk have been imparted training in such occupations. In South 24 Parganas mainly Self-Help Groups have been advanced loan by PACS under Business Development Planning (BDP) programme. DCCBs and PACS now are promoting formation of SHGs and guiding their work. The number of SHGs promoted by PACS or linked to PACS, however, is small.

To assess the achievements of the SHGs in India, within and outside the purview of cooperatives and also SHG-Bank Linkage programme, various studies have been conducted. A major national level study on 'Impact and Sustainability of SHG-Bank Linkage Programme' was got conducted by the National Council of Applied Economic Research (NCAER). The study conducted was aimed to assess the impact and sustainability of SHG-Bank linkage on the socio-economic conditions of the individual members and their households in the pre-SHG and post-SHG scenarios. The study was

conducted for India in six States (Andhra Pradesh, Karnataka, Maharashtra, Orissa, Uttar Pradesh and Assam) from five regions viz. the south, west, east, central and north-east. The overall findings of the study suggest that SBLP had significantly improved the access to financial services by the rural poor. The major findings of the study were as under:

- Net household income between pre-SHG and post-SHG registered a significant growth per year at 6.1 per cent.
- The annual growth rate in per household consumption expenditure on food and non-food items recorded 5.1 per cent and 5.4 percent, respectively.
- Per household annual expenditure on education and health recorded 5.6 per cent and 5.5 per cent growth, respectively.
- Net increase in the value of consumer durable assets per household was Rs.4,329 between pre-SHG and post-SHG periods and the annual growth of assets recorded a high growth between the two periods at 9.9 per cent.
- The average loan amount per household grew at an annual rate of 20.5 per cent between the pre-SHG and the post-SHG periods.
- About 93 per cent of households reported that loans had been taken in the post-SHG situation as compared to that of 46.5 per cent during pre-SHG.

- On the issue of repayment of loan by SHG members, the findings showed that 96.4 per cent of households had reported regularity in repayments of loans.
- The share of households living below the poverty line reduced from 58.3 per cent in the pre-SHG period to 33 per cent in the post-SHG situation. The average annual poverty reduction rate was 10 per cent.
- About 92 per cent of households reported that the social empowerment of women had increased after joining membership in SHGs over a period of time.
- More than 60 per cent of the households indicated that there had been an increase in the ownership of productive assets in post-SHG situation as compared pre-SHG situation.
- The findings showed that 22.5 per cent of women SHG members in the households had taken decision in the post-SHG period as compared to 9.1 per cent in the pre-SHG period with respect to children's education.

**BUSINESS
DEVELOPMENT PLANNING
- CONCEPT, COMPONENTS
AND PROCESS**

BUSINESS DEVELOPMENT PLANNING - CONCEPT, COMPONENTS AND PROCESS

S.K. TUCKER*

PLANNING – A BASIC MANAGERIAL FUNCTION

Planning, controlling, organizing, staffing, motivating and directing are the managerial functions designed to realize the organizational objectives. Planning, however, is the most basic and precedes all other functions. Planning permits coordinated efforts towards the attainment of predetermined objectives. It thus provides direction to the organization. It is through well-thought planning alone that management decides what to do, when to do and who will do. It comprises of two aspects – (a) improvement of the organization within the boundaries that are laid down, and (b) questioning, evaluation and restructuring of boundaries themselves. In fact, testing and correcting the boundaries is a vital part of business planning. Planning is not an activity, it is a process which involves selection from among many alternatives.

WHAT IS PLANNING?

Planning means

- assessing the future and determining the objectives in the context of future,
- Identifying the activities to be carried out to achieve these objectives,
- and when, how and by whom activities are to be carried out,
- over a time span.

Thus a plan is 'a projected course of action'. A cooperative is a corporate body for doing business, and the planning for it requires appropriate business skills and methods.

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WHAT MAKES A GOOD PLAN?

A 'good plan' is that which is:

- based on clearly defined objectives
- simple
- establishing standards
- flexible
- balanced
- uses available resources to the utmost before creating new authorities and new resources
- serves as a sound mechanism of control.

ADVANTAGES DUE TO PLANNING

Planning for business development is the first step to overcome the deficiencies in working of cooperatives. It helps a cooperative in following manners:-

- Promotes Institutional Element.
- Minimizes Risks and Uncertainties.
- Optimises Performance.
- Provides a Basis of Control

BUSINESS DEVELOPMENT PLANNING (BDP) OF A COOPERATIVE SHOULD DEAL WITH -

- Increasing Existing Business.
- Diversifying into new profitable areas of business based on potentials and members' needs.
- Enhancing members' participation.
- Promoting deposit mobilization.
- Reduction in overdues.
- Organising dormant members into self-help groups (SHG).
- Strengthening business linkages with marketing and consumer cooperatives.

BDP AND ITS COMPONENTS -

- Basic Business Plan
- Functional/ Activity Plans
 - Credit Business Plan
 - Non-Agril. Credit Plan
 - Consumer Business Plan
 - Inputs Business Plan
 - Agril. Marketing Business Plan
- Preparation of Budgets
- Implementation of Plans
- Monitoring and Control.

PLANNING PROCESS

Planning for Business Development is a rational process of deciding in advance the nature and volume of business activities which a cooperative is going to undertake for the benefits of its members in a specified period. It has to be necessarily formulated in light of business potentials and threats in the area of operation of the society as well as strengths and weaknesses of the society. The plan for each business activity must also indicate the relative costs and margin of profit the society will earn from the activity. It has to be prepared well in advance for a period of one to five years.

The exercise may be carried out in two different ways (1) A plan may be prepared by covering the entire business activities of a cooperative in an aggregate manner for a certain period of time which is called Basic or Master Business Plan. From this, plans for each business activity are derived and implemented (2) A plan may be prepared for each of the business activity separately for one year, such as credit plan, agril. Inputs plan etc. (called operational or functional plans). These activity plans may be then integrated into one to constitute a Basic or Master Business Plan. It is the second approach which is mostly adopted by PACS.

The process of preparation of implementation of Business Development Planning consists of following phases and stages:-

1. INITIATION
 - A. Awareness Creation and acceptance of concept by the members, Managing Committee members and Managers of PACS.
 - B. Data Collection
 - Preparation of area profile.
 - Preparation of survey report on current performance, strengths and weaknesses of PACS.
2. PREPARATION
 - A. Data Analysis.
 - B. Identification and Definition of problems.
 - C. Setting goals and objectives.
 - D. Preparation of draft operations/functional plans.
 - Estimating business turnover, *Trade margin, total costs and net profit.
 - Estimating financial requirements and allocation.
 - E. Integration of operational plans into basic plan.
3. FINALISATION
 - A. Finalization of plans in consultation with members and obtaining their consent and commitments.
4. APPROVAL
 - A. Approval of Plan by Managing Committee of PACS.
5. COMMENCEMENT OF IMPLEMENTATION
 - A. Phasing of Targets
 - B. Mobilising support of various agencies.
 - C. Raising required resources
 - D. Establishing linkages at various levels.
 - E. Activising Dormant Members.

An illustration of the proforma for preparation of business development plan and the budget by the PACS is enclosed.

INFORMATION NEEDS FOR BUSINESS PLANNING

Preparation of plans by a cooperative for business development basically needs two types of information – the relevant information above (1) area of operation of the society, and (2) performance of the cooperative for atleast last 3 years. The important information needed under these 2 broad categories are indicated here:

I. AREA PROFILE

1. Geography
2. Demographical Aspects
3. Land Use and Distribution of Land Holdings
4. Occupational Distribution of Population
5. Crops Grown and Agril. Production
6. Cropping Pattern
7. Irrigation Facilities
8. Inputs Consumption Pattern
9. Marketing Conditions and Facilities Available
10. Crop-wise Marketable Surplus
11. Market Outlets
12. Economic Activities
13. Population coverage
14. Business Potentials & Problems
15. Business competition

II. PACS PERFORMANCE

1. Name, Location & other Background
2. Types of Membership (individual, Govt. and other cooperatives etc.)
3. Composition of Membership (Big. Medium, Small Farmers, Rural Artisans, Landless Labourers etc.)
4. Financial position
 - Share capital

- Reserve & other funds
 - Deposits
 - Borrowings
 - Investment
 - Advances
 - Fixed Assets
 - Working Capital
 - Gross & Net Profit/Loss
5. Activity-wise Business Turnover
 - Agril. Advances
 - Non-Agril. Advances
 - Sales of Agril. Inputs
 - Marketing of Outputs
 - Sales of Consumer goods.
 6. Activity-wise Income & Expenditure
 7. Demand & Collection of Loans
 8. Managerial Information
 9. Main Problems of the society
 10. Infrastructural facilities – godam, processing unit, working sheds, shop, tractor other machinery etc.

BUSINESS DEVELOPMENT PLANNING IN PACS (A PROFORMA)

TOTAL BUSINESS DEVELOPMENT PLAN				
(Rs. in 000)				
Business Activity	Business Turnover	Trade Margin	Total Running Costs	Net Surplus
Credit				
Short Term				
- Kharif				
- Rabi				
Medium Term				
- Farm Sector				
- IRDP				
- Non-Farm Sector				
Long Term				
- Consumption				

CONTD...				
(Rs. in 000)				
Business Activity	Business Turnover	Trade Margin	Total Running Costs	Net Surplus
Storage				
Deposit				
- Fixed				
- Others				
Any other Activity				
Note: On the same format PACS may prepare its projected business plan for one to five years				

CONTD...				
(Rs. in 000)				
Business Activity	Business Turnover	Trade Margin	Total Running Costs	Net Surplus
Inputs				
- Seed				
- Fertilizers				
- Implements				
- Plant Protection				
- Others				
Marketing				
- Outright				
- Commission				
- Others				
Consumer				
- Controlled				
- Non-Controlled				
- Others				

Preparation of Budget

After the preparation of business plan, the next step is the preparation of budget which is an instrument of planning and control. It enables to know various variances and to deal with changes by corrective actions.

Preparation

The preparation of operating budget includes the following steps :

- I. Calculating the requirement of funds on the basis of business volume & turnovers expected.
The following proforma may be used :

Business Activity	Business Target	Number of expected turnovers	Requirement of funds
Credit			
Input			
Consumer			
Marketing			
Others			
Total :			

Cautions

- (1) While estimating business target for different business activities, seasonal variations should be considered. For example, credit and input requirements, will be more in sowing seasons of rabi and kharif crops. Consumer business will pick up in festival seasons. Marketing of agriculture produce may be excessive following respective harvesting seasons of the two crops.
 - (2) Expected turnover will also vary in accordance with the seasonal variations, festival and harvesting season etc.
 - (3) Requirement of funds will vary accordingly.
- II. Estimating the Availability of funds. The following proforma may be used for calculating purpose :

Sources	Period of Cash Flow				Total
	1st quarter	2nd quarter	3rd quarter	4th quarter	
Increase in :					
Share capital					
Deposits					
Loans					
Internal (from business operations)					
Total :					

APPRAISING BUSINESS ALTERNATIVES

APPRAISING BUSINESS ALTERNATIVES

Dr.N.K. Gandhi

Once various business alternatives have been identified by the entrepreneur, he needs to evaluate these alternatives to increase its chances of success. Not only this, financial institutions before committing their resources to any project would first like to ascertain its economic worth and probability of its success. The purpose of appraisal is to make sure that the project is technically sound, that it will provide a reasonable economic as well as financial return, that its objective cannot be achieved in some less costly way and it fits in with the overall economic objectives of the country. In addition, a good project will repay the loans with interest as per repayment schedule and enables the financial institution to recycle its funds for other economic development projects. Thus the role of project appraisal is to identify such good and viable projects.

Normally, viability of projects is assessed by conducting various feasibility studies i.e. technical, commercial, financial, managerial and economic. These studies indicate the future prospects, problems and performance of the project. Data generated so can also throw light on the amount of risk associated with the project.

Information Support

Project decisions are based on a number of assumptions concerning the future events such as availability of raw materials, power supply, government policies relating to licensing, export, competition, technological developments etc. Hence a sound decision making depends upon the availability of reliable information which also provide the base for an effective project analysis. The information support required is provided by different feasibility studies as discussed below:

- (i) **Technical Feasibility** studies provide information relating to the type of project – new or existing, nature and suitability of technology

- imported or indigenous, availability of skilled labour, power and other utilities, production capacity and economies of scale, location, plant and machinery, environment effect of the technology etc. It also explains the effect of changes in the above variables. Thus technical analysis would provide vital information like nature of technology, its effect on environment, availability of skilled labour etc., to measure the technology risk of the project.
- (ii) **Commercial feasibility** studies provide information about the demand potentials, existing supply sources, the factors affecting the demand, marketing arrangements, export potentials, industrial and tax policies of the government, competitors' strengths and weaknesses, cost pattern of products in organised and unorganised sectors, etc., and also estimation of various possibilities on the above variables. It will indicate the chances of products' acceptability and demand potentials.
- (iii) **Managerial Competence analysis** would provide more information about the promoter and his group (cooperative societies and its management), family background, educational qualifications, experience in similar projects and other relevant business lines, commitment, ethical / moral background, etc., nature of agreement between promoters and other chief executives, assessment of organisational system and promoters integrity towards financial institution, etc.
- (iv) **Financial Feasibility** studies would provide information relating to project cost and working capital estimation, revenue estimation, profit estimation, funds flow, promoters' contribution, capital market conditions and the units' ability to raise funds, cost of capital estimation, estimation of key financial ratios etc., and finally the estimation of changes in the above variables.

Examination of Risk Factors

A number of factors such as economic, business, financial factors etc., determine the risk of a project. The appraiser has to identify such risk factors and to some extent suggest correction measures to minimise them. Research studies have revealed the following 15 variables constitute the bulk of risk factors:

(i) Location of the Project

Project can be located in a no-industry district, backward area or developed area. Projects set up in no-industry or backward area are eligible for certain benefits and incentives, but at the same time suffer from lack of infrastructure facilities and other problems and therefore risky.

(ii) Size

Based on total cost of the project they are classified into large, medium or small units.

(iii) Promoter's Contribution

Generally financial institutions require the promoters to contribute about 20% (In case of cooperatives 10%) of the Project Cost. High Promoter's contribution reduces the financial risk and vice-versa.

(iv) Leverage (Debt-Equity Mix)

High financial leverage amounts to high financial risk because of increased fixed interest cost. If leverage is above 60% it is considered as high. Between 51% and 60%, it is considered as medium and less than 50%, it is low.

(v) **Source of Technology**

It may be imported or indigenous. Imported technology under certain conditions may lead to success of the project and in other conditions may lead to failure of projects.

(vi) **Nature of Technology**

It is classified into four categories

- (a) New, improved technology and has not been tested
- (b) New, improved and successfully tried in other countries.
- (c) More sophisticated and cost-efficient
- (d) Old but well established technology.

(vii) **Source of Plant and Machinery**

May be imported or indigenous.

(viii) **Source of critical Raw-Material**

May be imported or indigenous. Imported raw-material suffer from the risk of price fluctuations and timely availability.

(ix) **Market Conditions for Raw-Materials.**

- (a) Restricted supply
- (b) Free supply
- (c) Supply by sister concerns and associated firms.

(x) **Market for finished goods**

- (a) Export Market
- (b) Domestic Market
- (c) Export and domestic market

Export market is more risky.

(xi) **Level of Competition**

The market risk of the project is associated with the level of competition. The level of competition may be high, medium, low or monopoly. In addition, demand and supply gap is considered.

(xii) **Promoter's Type**

- (a) New Promoters
- (b) Technically Qualified
- (c) Experienced Promoters

(xiii) **Promoter's Qualifications**

- (a) No formal qualification
- (b) Non-technical qualifications
- (c) Technical qualification relevant to industry

(xiv) **Experience in Business Line**

- (a) High-experience of above 10 years.
- (b) Medium-between 6 to 10 years
- (c) Low-less than 6 Years

(xv) **Experience in Promoting Similar Projects**

This kind of promoter will be conversant with the project's problems and hence, the project will be managed well.

Risk Analysis Methods

As stated above, appraisal helps identifying the risks associated with a project and incorporating them in a quantitative manner into the measure of project results. Some of the commonly used techniques are as follows:

(i) **Shorter Payback Period**

A project which takes very short period to return the original cost of investment, is considered less risky. It is suitable when there is high technological change or product obsolescence in a project.

(ii). **Certainty Equivalent Cash Flow**

This method allows adjustment of risk by incorporating the manager's utility preference for risk versus return directly into investment process. Depending upon the uncertain characteristics of forecasting cash flows, a certainty equivalent co-efficient is used to convert them into certain cash flows and then they are used for profitability calculations.

(iii) **Risk Adjustment Discount Rate**

Under the technique, the minimum required rate of return is raised by adding risk premium to it. When the risk is greater a higher premium will be added to the risk free rate and for discounting the cash flows.

(iv) **Probability Analysis**

Under the method probabilities are assigned to different cash flows and then an expected value of cash flows is calculated and used in the profitability computations:

Expected value (%)

$$= \sum_{i=1}^n X_i P_i$$

Where X_i = Cash flows for number of estimates

P_i = Probabilities of occurrence of cash flows

(v) **Sensitivity Analysis**

In this method some of the key variables such as cost, price, project life, market share, etc., are changed and the resulting change in the rate of return is observed. The most practical method is to select those variables whose estimated value may contain significant uncertainty.

(vi) **Break-even Analysis**

It enables us to establish the lowest production and /or sales levels at which a project can operate without endangering its financial viability. It is highly useful when a project decision is very sensitive to certain variables.

A scientific appraisal and risk analysis can help a financial institution in identifying good projects, to assess the degree of projects risk and to make conditions suitable for efficient execution of the project.

The primary requirement for proper appraisal is information. The information may be obtained from project details and its promoters market conditions and economic conditions.

HRD AND TRAINING IN COOPERATIVES

HRD AND TRAINING IN COOPERATIVES

S.K. TUCKER

CONCEPT OF HRD

An organization be it a cooperative, private or public, exists to achieve the specific objectives for which it has certain resources at its disposal. It acts as a transformation unit which transforms inputs (resources) into output (results) in the form of goods or services. An organization, therefore, if intends to obtain optimum output, must properly allocate and utilize the resources such as money, materials, machines, men and information. A 'man' being the only animate resource, is dynamic and has responsibility of optimally utilizing the other resources. Thus, the capabilities, potentialities and quality of work life of employees to a large extent determines the results of an organization. Organizations, therefore, are increasingly concentrating their efforts in development of manpower.

A cooperatives as an organization is different from others (public, private) in the sense that it is owned, managed and used by its members. Therefore, it is important for a cooperative to involve its members also to the best possible extent to achieve its objectives. In the cooperatives, in addition to the paid officers/staff, it is important to develop the ordinary members and the elected management for the success. Therefore, training for professionalisation of paid staff and education for the members to make them fully aware of their duties, responsibilities and also leadership development, are the main mechanisms used for manpower development in cooperatives.

Human Resource Development (HRD) in Cooperatives has been conceptualized in ICA Policy on Human Resource Development as follows:

"The concept of HRD in cooperatives means all the planned information, education, training, mobilization and manpower development activities undertaken by cooperatives so as to create economically efficient organizations capable of providing services required by their members".

Thus Human Resource Development is a continuous process to enable the cooperatives to acquire organizational capabilities to manage their operations efficiently and to cope with the challenges of a competitive economy. It is a total concept which encompasses within its ambit not only employees but also the members, office bearers and board of directors of cooperatives.

STATUS OF HRD AND CHALLENGES

The cooperatives in India, by and large, are small organizations with limited resources, low turn over, high costs and low efficiency. These work under restrictive legislation, high officialdom and government interference. These are also characterized by illiterate membership (particularly in primary cooperatives), members' poor participation, inadequate enterprise and professionalism, and lack of leadership. The profile of the human resource and its management practices in the cooperatives is not

encouraging. The following observations of the **Expert Committee on Rural Credit**, constituted by NABARD, in its report in the context of Agricultural Credit Cooperatives, are testimony to this fact:

- Imbalances in staffing i.e. too many people for certain jobs, too few for certain others is very common. Overstaffing is widely spread in lower level staff in the cooperative banks. At the same time instances of under staffing is observed in some institutions
- Poor quality of personnel. The staff is mostly recruited at the level of clerk, typist, cashier and are inadequately qualified. In due course these climb up and occupy senior positions.
- Political patronage and misuse of power in recruitment is common.
- The Chief Executives are selected out of the officials of State Government and appointed by the Government.
- Unsuitability of cadre system for the Primary Cooperatives (PACS). The appointment, transfer, promotion, salary etc. of cadre employees are decided by cadre authorities making them less loyal to the PACS and more to their authority.
- Lack of training to the junior level staff and the Secretaries of the Primary Cooperatives (PACS), and sensitization of members and management committees.
- Poor quality of training by the existing cooperative training institutions.
- Lack of clarity on delineation of roles and responsibilities of directors

More recently, the **Task Force on Revival of Cooperative Credit Institutions** under the Chairmanship of Prof. A. Vaidyanathan, in its report has made the following observations on impairment in personnel management of cooperatives.

- State Governments interfere by deputation of officials to top positions in many banks, setting up common cadres for senior positions and determination of staffing pattern.
- Aging staff profile with low professional qualifications and low levels of training. The existing training programmes are archaic and outdated focusing on history of cooperation and legal enactments rather than business and operations.
- Unclear delineation between governance and management functions.
- Poor housekeeping and weak internal control system.

The changes in the macro-economic policies and programmes initiated since 1990s in the country have forced cooperatives, which were already riddled with many problems, to confront the challenges of globalization, privatization, open markets and competition without adequate legal reforms and level playing field. The corporate bodies with no scarcity of resources and professionalism transformed their functioning by

computerization, automation and use of advance technology. Coupled with emphasis on high quality and customer satisfaction, the corporation would have adapted well to the challenges to stabilize, consolidate and grow. For cooperatives, to perform effectively and efficiently in the new situation, a paradigm shift is needed in the hitherto traditional approach of HRM, built on the following premise –

- Personnel function is largely a reactive service
- Employees are adversaries and not partners or shareholders.
- Employees constitute an element of cost, not an asset.

There is a need for change in personnel perspective and its management to realize full potential in cooperatives.

GENESIS OF COOPERATIVE TRAINING SET UP

The important milestones to the training set up for cooperatives are:-

- Sir Fredrick Nicholson stressed in 1885 the role of "enlightened cooperative leadership".
- MacLagan Committee (1915) deplored the "lack of teaching both before and after registration of societies".
- Royal Commission on Agriculture pleaded for "Patient and persistent education of members and training cooperative staff"
- Systematic efforts to organize training had to wait till 1953, when RBI set up Central Committee for Cooperative Training (CCCT) in collaboration with C.D.I.
- For cooperative education, All India Cooperative Union launched a pilot scheme in 1956.
- In 1962, CCCT was abandoned and the existing Training Centres were transferred to National Cooperative Union of India which was to set up with the approval of GOI, a separate committee called Committee for Cooperative Training (CCT).
- 1976, the committee was formalized under bye-law 16-A of NCUI and given a new name – National Council for Cooperative Training (NCCT).
- These above steps were in fulfillment of Government policy of entrusting the cooperative movement with responsibility of cooperative training, as in case of cooperative education.

PRESENT TRAINING ARRANGEMENTS

In cooperative training, country has a fairly good structure today. A chart showing the present arrangement in cooperative training and education, is at Annexure-I.

National Council for Cooperative Training (NCCT) of National Cooperative Union of India (NCUI) is the main cooperative organization entrusted with the responsibility of training various categories of employees. Vaikunth Mehta National Institute for Cooperative Management (VAMNICOM), Pune caters to the senior and middle level cooperative and related government department personnel. It also organizes a diploma course in Cooperative Business Management of 9 months duration besides a 2 year full time MBA programme with specification in cooperative management for the fresh graduates. NCCT also has 5 Regional Institute of Cooperative Management (RICM) and 14 Institute of Cooperative Management (ICM), earlier called Cooperative Training

Colleges, for training of intermediate and senior level personnel in the States. These institutes mainly organize long term course of Higher Diploma in Cooperation for the cooperative department and cooperative personnel. The expenditure on the total training activities of NCCT is provided by the Central Government as a grant. In training, there are also 91 Jr. cooperative training centres under State Cooperative Unions to provide training to staff of primary cooperatives. These also conduct 4 to 6 months Basic Diploma in Cooperation. The expenditure on training activities of these centres is shared by State Government and State Cooperative Unions.

National Cooperative Development Corporation (NCDC) started training activities with the establishment of TOPIC (Training of Personnel In Cooperatives) Training Centre in 1985 (initially as part of NCDC-III Storage Project) with a mandate of providing training to personnel of the projects assisted by NCDC under its various schemes/projects funded by Corporation funds or Internationally Agencies. TOPIC is also organizing in-service training programmes for the officers and staff of NCDC. It also organizes training programmes on special request from National and International Organizations. Under NCDC-III Storage Projects. Agricultural Cooperative Staff Training Institutes (ACSTIs) were also set up in States as permanent training institutes of the State Cooperative Banks (which were identified as implementing agencies for the Storage projects). The ACSTIs, primarily now cater to training requirements of the parent bank, the credit structure and primary cooperatives.

NABARD, NDDDB, KRIBHCO, IFFCO, NAFED and many other National Federations/ Cooperative Societies have also set up their own training institutes to meet the specific and felt needs of their employees in the respective sectors of their activities.

EXISTING EDUCATION MECHANISM

National Cooperative Union of India is apex organization of cooperatives for education of members and board of directors. It has State Cooperative Unions as its members which organize general member education programmes through its peripatetic education instructors in the States. Its National Centre for Cooperative Education (NCCE) at Delhi organizes education and training programmes for the members of elected board on leadership development. In addition, it also implements various cooperative education field projects for the specific sectors. NCUI and State Cooperative Unions collect statutory education levy from all cooperatives to meet out the expenditure on their activities. The field projects of NCUI, however, are mostly centrally sponsored.

Other training and development programmes undertaken by NCUI in recent past are : (a) 50 Cooperative Education Field Projects located in 25 states. Special focus is laid on self-help group formation and management, farm guidance activities, functional literacy, adult education, family welfare etc.; (b) Training of womenfolk in self-group formation and management, skill up gradation, thrift and credit, credit recovery activities, family welfare and entrepreneurship development; (c) Promotion of training by IFFCO-in collaboration with NCUI education and training programmes are conducted for social forestry cooperatives, farm extension, environmental concerns etc.; (d) Training Programmes in association with the dairy cooperatives with a view to improve quality of milk and animals, management of milk cooperatives, and motivational aspects.

The member-education programmes organized in field by the education instructors however have not led to desired impact in increasing awareness and

participation. These need to be designed and facilitated with quality inputs, and should essentially cover

- Concept, values, principles and practices of cooperation
- Bye-laws, objectives and functions of a cooperative society
- Role, responsibilities, obligations and rights of members
- Appreciation on Business/projects undertaken by the cooperative society
- Importance of Members' participation for success of the cooperative society – Preparedness, means and commitment for effective participation
- Various types of participation and contributions by members
- Role of members in Member Education Programme
- Role and Responsibilities of members in Annual General Meeting
- Cooperative Terminology

The elected representatives (BODs) have a pivotal role to lead and develop cooperatives. The programmes for them should include –

- Cooperative Management Leadership Development
 - Cooperative Entrepreneurship Development at organizational level.
 - Governance and effectiveness of Board of Management
 - Relationship and liaisoning Development
 - Plan and control/feedback Management Development
 - Financial Skills Development
-

**TRAINING AND EDUCATION
- MEANING AND SYSTEMS
APPROACH**

TRAINING AND EDUCATION – MEANING AND SYSTEMS APPROACH

S.K. Tucker*

Organizations apply various mechanisms in a systematic and [planned manner to facilitate development of people. Among other, the two most potent and widely used interventions in cooperative organizations are training and education.

Training helps an organization in many ways, the few important ones are – improvement in methods of work, reduction in costs, improvements in quality of products and services, reduction in manpower obsolescence, reduction in waste and spoilage, improvement in efficiency etc. However, training should be thought of a solution when it is justified. Only one justification for investment of time, money or any other resource in training – is, that it shall contribute to the profitability of an organization.

Training is a planned process to modify knowledge, skill or attitude behaviour through a learning experience to achieve effective performance in an activity or range of activities.

1. Knowledge

Knowledge is regarded as collection and understanding of information of ideas, concepts, principles, procedures, rules etc. In the context of a training programme, it is that part which is concerned with imparting specific information needed in order to perform a task or job.

2. Skill

Skill is the ability to do or take action required to achieve a particular goal. It is acquired or developed by practice. It is an organized and coordinated pattern of mental and / or physical activity in relation to an object, person or event.

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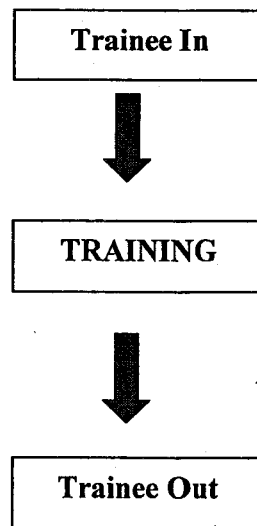
3. Attitude

Attitude means settled behaviour as showing opinion or settled mode of thinking. In the context of training, it can be described as the willingness or otherwise, to perform a given task or job in a manner required.

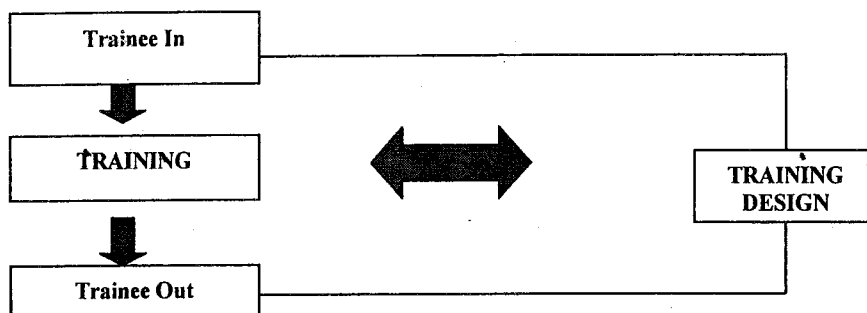
To obtain optimum results from training organizations are increasingly building it on **Systems Approach**. This is more suited to deal with training details, problems and to design customized programmes.

“A system is a group of related parts which interact for a specific purpose”.

The aim of a system and of systematic approach is to improve efficiency and effectiveness of training. Systems approach ensures that the arrangements of parts is orderly i.e. they follow a sensible sequence and that they are methodically arranged. In a very simple way, training system is depicted in diagram as under:



The training design i.e. when we design, organize and construct training courses is added to this diagram as under:



The two pecked lines (1) and (2) represent 'feedback' i.e. the information gained from learners which is used to modify the system i.e. the design of training in this case.

Training Course Design involves five major activities – ANALYSIS, SYNTHESIS, IMPLEMENTATION, ASSESSMENT / EVALUATION and IMPROVEMENT.

I. ANALYSIS

The system activity Analysis includes 'breaking down' of questions and operations which help us to solve a training problem. Analysis defines and shows parts of a problem. Various system activities under analysis are –

(i) Needs Analysis

'A need is a discrepancy or deficiency between what is an what ought to be'. An 'ideal' state of 'ought to be' can usually be realized only after a careful training. Performance deficiency or deficiency exists when a person not able to perform at desired level of performance (ought to be) and existing level is lower (what is). The gap or training needs can suitably be dealt through training programmes. A care must be taken, however, to segregate deficiencies in performance to be remedied by training from those due to machines, tools, system or environment which may not be cured by training.

'Need Analysis is a systematic process of determining training problems, measuring needs and deciding on priorities for action'.

Initially, organization analysis, operational analysis and individual analysis are carried out. Thereafter, job responsibilities, tasks and desired levels of knowledge, skills and attitude for performing each of the task are identified. These are then examined against the actual performance levels and knowledge, skills and attitude components existing in target group to measure the training gaps or needs.

After a complete list of training needs is prepared, 'Needs Index' is required to be developed. 'Needs Index' is an indication of the degree to which a need exists. The size of the 'Need' is shown by adding up the individual need indexes, the greater the total, the greater is the 'Need'. The 'Need Index', thus helps a trainer to prioritize needs for action. For other needs, if any, for which no index exists/ prepared, a subjective decision can be made.

(ii) Participants' Analysis

An analysis of the target group (trainees at whom the training is aimed and for whom it is organized), to understand their 'entering behaviour' is another important activity. The aims of conducting participants' analysis are:-

- to analyse the trainee' ability to cope with the training;
- to shape the training methods to suit the trainees;
- to develop and understanding of the trainee's potential;
- to provide information which will act as a background to the planning of training and selection of the curriculum;
- to provide information which gives a depth of perspective on Needs Analysis;
- to give an accurate perspective on the individual differences between trainees.

Reports and records from employee's previous training, personal files, from supervisors and management, besides research information from Needs Analysis, Interviews, questionnaires, tests etc., are major resources for participants' analysis.

(iii) Resources Analysis

Common 'Resources' for training programme are:-

- Equipments (AV equipments, computers, graphics and Reprographics, etc.);
- Personnel (Management Trainers, Technical Trainers, Operative Staff, External Trainers etc.);
- Accommodation (Class room, Tutorial room, Resources Centre, Library, Hostel etc.);
- Time (Trainers time, Trainee time, Total Hours of Training Required);
- Money (Budget, Requirements, Sources);
- Attitudes (Trainers, Management, Operatives, Trainees);
- Learning Materials (Print-based Materials, AV Materials).

Availability and requirement of resources are to be examined to optimize their utilization in making training effective.

(iv) Constraints Analysis

Constraints mean restrictions on training. To a large extent, constraint analysis is done when conducting resources analysis and participants' analysis. Resource analysis identifies needs and problems in resources with possible remedial action. Where these actions fail, training is restricted i.e. a constraint is identified. Similarly, participants' analysis may show certain constraints in the knowledge/mental skills, receivability, attitude etc., of incoming learners.

Constraints can be overcome or moderated in multiple ways based on their nature and working environment. General guidelines for dealing with constraints are:-

- Identify accurately the nature, causes and personnel involved in the constraints;
- Identify the requirements, e.g. expertise, money, skills, equipments or materials;
- Identify those who can help in fulfilling the requirements;
- Prepare a plan to moderate or overcome the constraint;
- Implement the plan.

II. SYNTHESIS

In this system phase, results of analysis are considered to give shape to design and arrangements for solving training problems. Various activities under system are –

(i) Preparation of Training Aims and Learning Objectives

A training course is the process of providing learning experiences for trainees and results in desired end products called learning outcomes; these outcomes are what the trainees have learned and can do.

Training Aims are broad, generalized statements of training intent, relating to the whole or a major part of training. These are directed towards trainer. The main functions of training aims are to:-

- express how training can fulfill the requirements of needs analysis;
- give a general summary of the purpose of training;
- provide starting point for development of training;
- provide information for working out learning objectives;
- give guidance and direction over whole of training or whole of a course.

The major sources of information for working out the training aims are outcomes of all kind of analysis carried out in the first system function. The two most important ones are **Needs Analysis and Participant's Analysis**.

Learning Objectives' translate the training aims into learner, or trainee, behaviour. These are precise statement of learning outcomes of training and express the specific behaviour/ performance which is to be observed overtly in the trainee. These serve the following main functions:-

- breakdown the aim into shorter statements which describe recognizable trainee behaviour;
- identify the intended learning outcomes, or end products of training i.e. knowledge, skills and attitudes;
- helps to identify training time allocation;
- offer a method of ensuring that total course content is covered;
- deals with overt learner behaviour, or performance, so as to assess the trainees, gauge their progress accurately and evaluate the success of training;
- provide timely feed back to trainees during the progress of training;
- give the trainees an idea of what is to be accomplished and level of accomplishment required to complete training successfully; and timely feedback.

A Learning Objective should contain a description of the :-

- Performance (action) which the trainee has to take at the end of the learning session, or at the end of training.
- Conditions in which the trainee will be accomplishing the performance, the trainer can include any restriction to be placed upon the performance action or any stimulus to be made to the trainees;
- Criteria of Success. These state a successful standard of accomplishment for the behaviour described in the objective.

To write down the statement of learning objective, verbs like list, state, name, simplify, compare, indicate, assemble, calculate, identity, explain etc., which are observable and measurable are usually used. The use of verbs like know and understand is avoided.

(ii) Sessions Designing

It is a systematic process of analyzing the content requirements to accomplish a learning objective. It comprises of arranging the content elements in a logical sequence, identifying right training methods, techniques, materials, equipments and allocating time for transfer of content/application of methods. It

serves the following main function:-

- enhance likelihood of achievements of learning objectives by trainees;
- facilitates identification of most suitable training methods and equipments;
- guides the exercise of production of training materials like session guides (for trainers) and handouts (for trainees);
- ensure optimal utilization of all training resources.

(iii) Development of Session Guides and Training Materials

A session guide is a structured guide for a trainer to facilitate successful delivery of a learning session for accomplishment of learning objective by the trainees. It delineates clearly the role of trainer and trainees in the learning process and thus regulates their behavioural pattern in a given time frame. It specifies the interactional pattern between trainer and trainee emphasizing the modus operandi to involve their experience, the training techniques, equipments and materials. It is constructed out of the framework of a session design. It serves following main functions:-

- provides for fine tuning in advance of all training inputs in accomplishing the learning objectives;
- infuses confidence in trainer;

- brings about uniformity in delivery of sessions over subsequent training programmes, and also eliminates trainer's bias to a large extent;
- keeps interaction directed and well-focused on objective.

III. IMPLEMENTATION

Implementation means putting a programme design into action. It includes consideration of the events of instruction, question technique, writing lesson notes, methods of motivating the trainees, reinforcement of learning, time tabling, allocating of speakers, staff and resources and so on.

A fundamentally important issue is the events of instruction or general format which a good instructor follows in his or her lessons.

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A trainer may follow **Trainer-Centered Strategies or Trainee – Centered Strategies**. A Trainer-Centered approach is a traditional one and focuses on the trainer as the central fount of knowledge and skills and the purveyor of learning. In a Trainee-Centered approach, it is the trainee who is the focus of training.

Trainer-Centered Strategy incorporates training methods which are expository (through exposition by the trainer) and depend upon reception learning. This method is efficient in use of resources and is cost effective. The trainee-centered strategy uses discover training methods which encourage trainees to find out for themselves. This second category of methods are very effective in training but are sometimes only moderately efficient, requiring both time and considerable resources. Whichever method is used, a golden rule is that – more the trainees are active, more effective the training will be.

IV. ASSESSMENT AND EVALUATION

In **assessment**, it is envisaged to find out how well the trainees are doing. In **evaluation**, attempt is made to check how the trainer is doing and how good the course is.

“Assessment is the testing and appraisal of trainees performance or achievement, resulting from a training experience”. The main functions of assessment are to:-

- Maintain training standards;
- Keep trainees motivated;
- Inform trainees of their progress;
- Inform trainer of trainees progress;
- Inform trainers of how well the training itself is working.

To conduct assessment, trainer identifies the extent to which a trainee has mastered a skill, developed interests or attitudes, or acquired a particular knowledge or ability. Assessment of this nature is made with reference to external standards, or criteria, for example, by the measurement of the degree to which a trainee has attained the performance or behaviour required by a specific objective. This information is made available to the trainee and trainer for suitable remedial action.

“Evaluation is a system designed to value the effectiveness, efficiency and effects of training and of the trainer”. Clearly, trainee assessment is part of the system of evaluation. The other part appraise the efficiency and effectiveness of the design system itself and the ways in which one uses this system when implementing the training.

There are two main types of evaluation. **Formative Evaluation** takes place during the training and at the end of training. It is concerned with modifying the form and processes of training whilst the training is happening and after it is completed. **Summative Evaluation** sums up the results of a course, mostly after the training is finished and it has little effect on the structure and process of the training which has just taken place.

Evaluation serves the following main functions:-

- Measure the effectiveness of the training in total;
- Show where we need to improve the design system;
- Appraise effectiveness of trainers while instructing;
- Measure the extent to which the trainee reached each of their objectives;
- Make reports to clients about the success of training;
- Value the training in term of cost-effectiveness;
- Generate information on structure of training, and gives insight into difficulties and problems of designing etc.

V. IMPROVEMENT

The last system function of Improvement involves two basic processes i.e. Reviewing and Revising.

Review consists of drawing together all of the information provided by system activity of evaluation and then considering all aspects of design system in light of trainers' knowledge about what is going on. In reviewing the material, three possible investigations are carried:-

- Whether the design system and training are working well?
- Whether the design system and training are working adequately?
- Whether the design system and training are not working well?

Training Improvements are then brought out by revising the identified weaknesses in training on its review. So revision of training involves acting on the weaknesses and strengths identified by evaluation. Reviewing is the second stage. The areas of weaknesses to which a trainer has to apply remedial action could be many, at any stage of system function.

An example is:-

System Function	Possible Weaknesses Requiring Remedial Action
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Actively – Content Analysis

- Content mapping badly executed
- Link with Task Analysis not made
- Content wrongly sequenced
- Coverage of content inadequate
- Taxonomies not used effectively
- Advance organizers absent
- Change not accommodated

With this system function of IMPROVEMENT, ends the Training Design System. Thus, Training Design System provides a systematic, self-correcting and cyclic approach to the design of training courses.

EDUCATION

Education can be defined as a developmental input aiming at creating in learners an understanding and general awareness about their environment and developing suitable attitude enabling them to work for socio-economic betterment of their own self, their society and the community.

Cooperation as a form of mutual aid appeals to other motives than man's selfish or self-regarding impulses or obedience to duly constituted authority. Collective self discipline is not a wild or self-propagating, but a cultivated growth. Cooperation requires of those who would practice, it effectively the acceptance of new ideals, new standards of conduct, new habits of thought and behaviour based superior values of cooperative association. No cooperative institution, therefore, can be indifferent, in its own interest and for its own survival, to the need for educating its members in appropriate ways.

For the purpose of cooperation, education needs to be defined in a very broad sense. It includes both what people learn and how they learn it. Every phase of experience which helps people to add to their knowledge, faculties, widen their outlook and facilitates to work harmoniously and effectively with their fellows and inspires them to fulfill their responsibilities, has educational significance for cooperation.

All persons engaged in cooperation needs to participate in this process of education and re-education. There are first, the members, those in whose interest cooperatives are established and who collectively exercise supreme authority. At second place are the office-holders – elected members and employees. The third group consists of people who are potentially, rather than actually cooperators – the greater public outside the movement's membership. Each of these groups have priority education needs and must be appropriately educated in their own interest as well as their institution.

The responsibility of cooperative education rests with secondary organizations, more particularly the unions and federations. The endeavor of the cooperative consultants should be to see in association of these organizations, as to how standards of education can be raised. In the context of situation prevailing in India, the objectives for emphasizing education are to

- acquaint the people in general about the concept, aim and objectives of cooperation;
- help people understand the legal framework and procedural aspects of organizing cooperatives;
- educate members about their duties, rights and privileges as members;
- train the elected managements in managerial skills;
- create enlightened membership so that there is active involvement of members in business and decision making.

TRAINING PRESENTATION SKILLS

TRAINING PRESENTATION SKILLS

*S.K. Tucker

A Training Programme is not likely to impact learning and achieve its overall objectives, if the learning sessions designed and prepared are not presented well. It is therefore of utmost importance that Trainer must possess appropriate presentation skills. Usually, the learners expect the trainer or presenter to be:

- Prepared and well-organized
- Knowledgeable of the subject
- A competent communicator/speaker

A trainer's inability to conform to these criteria spells danger.

A trainer must attempt to make a presentation that is able to:

- Gain immediate attention. Trainees must feel that what trainer is going to say is of value to them.
- Maintain interest among trainees. The interest must be created and maintained by putting statement of direct interest to them, these must relate to their needs.
- Create a desire through the learners involvement and participation. Avoid vague generalizations and ask them to do something specific.

Let us now try to understand, how do a trainer can have all the characteristics in a presentation which makes it effective.

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1. Prepared and Well-Organized

The preparation by Trainer, well in advance of the session for making a good presentation would required an intensive and in-depth analysis of the following:

- (i) What is my relationship with the learners, what is their perception of me? Is there likely to be tension, in which case what can be done or said to break it?
- (ii) What is the objective of this particular lesson in relation to the course? Do I want to explain or inform or persuade and convince?
- (iii) What is the trainees' experience of this topic or idea? What is their general attitude toward the subject likely to be? What is their intellectual level and is the group homogenous from this point of view? At what level the message should be pitched?
- (iv) What is the learning style and communication history of the audience?
- (v) What is the total time available for the lesson? How much time do the trainer has for preparation?
- (vi) What are the resources available (equipments, aids, materials, time etc.)

The result of analysis of the above points will help the trainer to:

- i) **Plan and Schedule the Subject Matter:** The subject matter should be graded into 'must know', 'should know' and 'nice to know'. Trainer should decide how he will apportion the total available time in three grades of subject matter.
- ii) **Develop the lesson material:** Trainer must develop adequate understanding of the subject and practical aspects of organizational working for these. The appropriate training materials viz. exercises, demonstrations, sample problems or visual display required to reinforce the lesson should be developed. The handouts, key notes, chalkboard notes etc. should also be prepared.

- iii) **Prepare a time plan for session:** The length of time required to facilitate different logical phases or sections of the lesson is estimated.

In addition, as part of 'preparation' and being 'well organized' for presentation; a Trainer should take care of the following –

A trainer, to make sure that there are no loose ends, should always arrive at venue in advance. He must make a check of room layout, physical arrangements in the class, his reference notes, working condition and positioning of the visual aids or other equipments.

A well organized presentation, following session guide (if available), should be dealt in the following sections with the specified characteristics:

Introduction

- Start the less on punctually.
- Put the group at ease.
- Announce the subject of the lesson briefly and concisely.
- Relate the lesson to previous instruction and to the programme as a whole.
- Try to get the interest of the group, and motivate them so that they want to learn.

Tell your class right at the beginning whether they need to take notes or not. If you have prepared a summary for distribution, tell them, but do not distribute it until the end of your talk. Much could be said about note-taking, but the essence of the matter is this: if they are feverishly trying to get down what you are saying, they cannot be listening at the same time. So you may be talking to nobody for about 50 per cent of the time. If your lesson contains a good deal of detail you certainly should prepare a handout.

Body of the lesson

- Use your lesson plan throughout
- Follow a logical sequence
- Use questions and answers to check understanding
- Keep track of the time, leave time for note-taking or other administrative matters.

Recapitulation

Review briefly the ground you have covered; memory is helped by repetition.

Use questions to reveal misunderstanding and clear them up

Deal tactfully with incorrect answers.

2. Knowledgeable of the Subject

A Trainer must be very thorough not only with the input in the session guide but every finer details of the theoretical and practical aspect of the subject matter. He should have a clear understanding of the applicability of the subject matter to the job. He must know very precisely what he is going to talk about and be prepared for all eventualities such as negative comments and interruptions. A trainer can stand straight throughout his presentation with confidence, if he is very thorough with the subject and is able to convince participants on their responses/queries. He must be fully equipped with the latest development in relevant subject area.

3. A Competent Communicator/Speaker

A trainer in the class situation largely depends upon face-to-face communication. His physical presence, personality and humanity, direct contact

with the learners, body movement and variation of voice, and his ability to facilitate interaction within the group, lend to the communication process something infinitely more real and captivating than would any mechanical device or written symbol. At any rate, devices and symbols in whatever form they take, are of little use in themselves if not handled by a competent trainer/facilitator. So the role of a trainer is pivotal and the quality and effectiveness of communication will depend, largely on how skillfully and competently the trainer performs.

There are few tips/guidelines for effective face-to-face communication in training:-

1. Start the session by conveying a sincere welcome to the trainees. Smile warmly and develop a good rapport with learners. Visualize yourself as making a good job of the opening session. Dismiss all negative ideas about yourself, the trainees or the course.
2. Appearance of the trainer has a lasting impression. Appear clean, clothes should be appropriate and impression of friendly confidence should be made. Posture should be always smart and upright and at the same time relaxed.
3. A trainer must be seen and clearly heard. The position of the trainees will vary according to subject and the nature of training material. Choose such a position for yourself so that all the participants can see and hear clearly all the time.
4. A trainer should use the characteristics of a good speaking voice so that learners would want to listen. Appealing articulation has these feature:
 - is pleasant in tone, conveying warmth
 - is natural for the sake of sincerity
 - has enthusiasm to strengthen advocacy of a point
 - contains vocal variety to avoid monotony
 - has volume and clarity so the information is easily assimilated

5. Make presentation in a persuasive manner to facilitate change of views or firmly held beliefs.
6. Phrase your speech to highlight the interest of listener. Wherever possible, use 'you' rather than 'I' ; ideas that are of no 'personal' interest to the listener will fall on deaf ears.
7. Avoid unnecessary movements which distract learning. Pacing up and down; tossing chalk in the air, reading from the notes are few such examples. Try to observe gestures, posture and expression and check to see that only consistent, supportive, facilitating ones to what is being said are used.
8. Use the language and words which learners can easily understand. A good trainer will speak to 'express' but never to 'impress'. Learner, if has to take time to workout the possible meaning of a word, whatever else follows will not be understood by him. Bear in mind that your role is of a 'faciliator' a 'guide' and not of a 'wizard' or 'super person'.
9. Maintain good eye contact with the trainee; anything short of this conveys lack of confidence, resulting in unnecessary tension.
10. A trainer should create a relaxed training climate. It will not be achieved by
 - Being badly dressed
 - Weak voice projection
 - Fumbling around and looking disorganized
 - Lack of eyes contact with the audience
 - Starting with an apology, such as 'Sorry I am late'.
 - Talking about yourself
 - Putting yourself down
 - Speaking too fast or slowly
 - Projecting an unfriendly or cold facial expression
 - Indulging into personal discussion with trainees
 - Speaking harsh with trainees, losing temper
 - Showing favours to few trainees in the class

11. Visual aids require sleek handling. Reveal an aid at the appropriate time. Remove it after it has served its purpose, otherwise the attention of the class is divided. Training aids must be used in an effective manner.
12. Be flexible and democratic. Accept what is correct. Keep the trainees 'needs' uppermost in mind to facilitate learning. Modify your training style and approach to meet this purpose. Lead the session and do not appear to be mute audience. Conduct yourself in an exemplary manner.
13. Avoid offensive clichés and phrases to ensure participants are not psychologically hurt and they do not withdraw mentally from learning.
14. Possess adequate skills in use of session guide for facilitating learning objective. The following tips would help in this:
 - Try to confine session deliberation to the session guide except for providing clarifications and supporting information, sought by learners. Remember using participative method of training in which learners are more involved.
 - Introduce the topic, explain the learning objective of the session and proceed only after ensuring that trainees have understood it correctly. Follow each learning step of the session guide gradually completing the assignment etc. of each paragraph taking into account the time factor.
 - Provide opportunity first to learners to respond with probable answers for every question in the session guide. Assess and accept answers of learners, if these are correct, even though not covered in the model answers of session guide.
 - Provide clear cut instructions to learners in respect of formation of groups, assignments for group work, time for completing the assignments and presentation of results in accordance with the session guide. While using different training techniques give appropriate instructions to learners.

- If learners pose question and queries, guide to the extent of their relevance to the lesson. If they are relevant, give answers and if not, they should be told politely for separate discussions after sessions on such issues or other suitable reply depending upon the situation.
- Learners while doing group work be monitored in a manner to facilitate for assigned job. Share your views with learners during group work.
- Group work be presented before the class. Other group members be encouraged to give comments etc. on group findings. Supplement with your comments on each group work and at the end distribute or show the model answers as the case may be.
- For long answers, it is better to prepare handout in advance. Distribute these asking learners to read it and keep for future use.
- Sum up the session by recapitulating main point covered and distribute key issues.
- Obtain the statement of action commitment from the learners in a manner decided by the training institution.

INTEGRATED DEVELOPMENT APPROACH

Developing PACS – An Integrated Approach

Dr.J.S.Chauhan

Introduction

In the context of Agricultural and rural economy in India, the role of village level cooperative is very dominant because these are the institutions of small farmers and are spread across the entire length and breadth of the country. Thus, they have inherent advantages in tackling the problems of poverty alleviation, food security and employment generation. These institutions also have immense potential to deliver goods and services in areas where both the state and the private sector have failed. Therefore, during the current plan(11th plan) due importance is being given to cooperatives to further strengthen their core strengths for facilitating their amalgamation with the global economic environment.

Constraints faced by the Cooperatives

2. The impact of state support to cooperatives has been a mixed one. The positive impact is manifested in multi directional expansion of cooperative activities covering almost every aspect of socio-economic life of the people and phenomenal growth of the cooperative sector. However, in the process the state became a partner in managing the cooperatives resulting in increased dependence of cooperative sector on Government and adopting restrictive legal framework. The large investment in cooperatives did not fetch the states reasonable return either. The states equity contribution in cooperatives became disproportionately high as compared to that of members who were in fact supposed to be the real owner of the cooperative enterprises. In spite of the significant quantitative growth, the cooperative sector is beset with several constraints. The main constraints being faced by the cooperatives are as follows:

- a) **Legislative and Policy constraints:** Cooperatives are basically economic enterprises requiring proper legislative and policy support aimed at the creation of an environment conducive to their healthy development. Provisions continue to remain in the cooperative laws which hinder and hamper the development of these institutions. The regulatory regime has also restricted the autonomy of the cooperatives, particularly at primary level due to which these institutions are losing their socio-economic character.
- b) **Resource constraint:** The cooperative sector in general and cooperative societies in the agricultural credit sector in particular is facing severe resource-crunch. Mounting over dues in cooperative credit institutions and lack of recycling of funds together with inability to mobilize internal resources, operational inefficiency, lack of professionalism, etc., have made a large number of cooperatives sick and defunct.
- c) **Infrastructure constraint:** The agriculture and cooperative sector is still plagued by poor infrastructure, particularly, in the field of post harvest technology i.e. storage, marketing and processing apart from lack of basic rural infrastructural support such as roads, electricity, communication, etc.

window delivery institution for all agriculture related needs and as a rural development centres to take care of post harvest requirements alongwith other amenities of a civilized life in rural areas, have remained merely agriculture credit disbursing agencies and state sponsored outlets for production inputs and distributing PDS item at the most.

- d) **Institutional constraints:** There have been instances of cooperative institutions in some cases working at variance. Some federal cooperatives which were supposed to guide and nurse their affiliate organizations are competing with them resulting in deterioration of the health of the primary and grass root level cooperatives. Lack of professional management and human resource development are also some of the traditional institutional constraints. **For their own survival and growth higher tier cooperatives have not cared for strengthening professional linkages with their member cooperatives.**
- e) **Constraint relating to member awareness:** A successful cooperative requires enlightened and informed membership. Although the membership of cooperatives in terms of numbers has increased manifold, dormant membership and the **absence of active participation of members in their management have not only result in sickness but also encouraged the dominance of vested interests causing blockages in the percolation of benefits to the members.** In a large number of cases, elections and general body meetings in cooperatives not being held regularly have been creating apathy among members towards the management. **Lack of capacity building programmes has seen the main reason for dormant membership.**

Cooperatives in new economic order

3. In the new millennium sustainable development will be the main concern of the nation. The cooperatives will have an important role to play in this regard. Cooperatives have to improve their professional competence through management excellence and trained manpower equipped with latest information technology. **They will have to devise appropriate strategies for reducing management and transaction cost and makes attempt to improve the quality of service rendered by them. The information technology and the agriculture marketing are the areas where primary cooperatives should come forward to take advantage of the new opportunities.** While laying considerable emphasis on capacity building of the cooperative sector, major thrust has to be given to empowerment of members to actively involve them in the day to day business activities. The cooperatives need committed and enlightened leadership as well as professional membership to develop their cooperatives to compete in the new environment.

4. Cooperatives are more relevant today than ever before for the economic well being of farmers and the other poor in the context of hardship experienced by them in a fast changing market economy. The phenomena of global warming which is the major reason for drought and other environmental disorders experienced in most parts of the country poses further challenges to the cooperatives. This has necessitated the

cooperatives to provide efficient service which will depend on their strength, efficiency and competitiveness. As an economic enterprise, cooperatives like any other business enterprise will have to function on sound business principles. Professional management holds the key to the success of cooperatives, as also prudent human resource development practices and financial management. All this counts for professionalization of management at different levels for improving productivity, efficiency and effectiveness of the cooperatives as also for developing their competitive strength in a fast changing scenario. **Primary cooperatives have an important role to play in times to come to serve the interest of vast majority of our people, particularly the farmers.**

Integrated approach of development and NCDC's intervention

5. With a network of over 5.5 lakh cooperative societies covering entire gamut of activities and approach to almost 100% villages, these institutions can bring a revolutionary transformation in rural life by getting a level playing field through a positive, progressive and integrated support from the state as well as development financing institutions. Various constraints faced by the primary level cooperatives can be countered by adopting an integrated approach of development in a cohesive manner aiming at developing these primary institutions as a multi-purpose and multi-faceted economic entity. **Integrated development approach only can enable the primaries to make optimum use of available local resources and to meet out the basic needs of rural masses with active members involvement in management of their institutions. Under this approach, an attempt is to be made for holistic development of an area through cooperative enterprises/efforts. The concept is to develop the village level cooperative society with active involvement of villagers in such a manner that it does not only cater to the agriculture related requirements of members e.g. credit, agri-inputs, agricultural implements, consumer goods (PDS & non-PDS) but also meet other necessities of life such as sanitation, nutrition, nursing & primary health-care, animal health-care, market intelligence, general awareness and education etc. as also to arrange for the opportunities of skill development ensuring increased economic earnings through formation of homogenous self-help groups (SHGs) with potential of engagement in various cottage/household activities.**
6. Such an integrated approach needs to revamp and reconstruct the available infrastructure with cooperatives, to infuse required margin money/working capital assistance on liberal terms for diversification and expansion of their businesses and to provide adequate support for capacity building through intensive manpower development and training interventions. With this objective in view, NCDC had introduced a scheme of Integrated Cooperative Development Project(ICDP) in the Seventh Five Year Plan for promotion of various economic activities mainly through primary cooperatives in the area of agriculture and allied sectors like fishery, poultry, dairy, handloom and rural industries etc. With the induction of services like tourism, hospitality, electricity & power, rural housing, transport, healthcare, hospitals and education etc. under the charter of NCDC, the scheme of ICDP can now infuse larger amount of funds in rural areas for accelerated economic activities providing increased income and employment opportunities and bringing overall economic development through cooperative institutions.

7. The scheme of ICDP aims at developing primary cooperatives as truly multi-purpose economic entities by providing adequate support in a capsule form enabling them to exploit available local resources for increased productivity and income as also to make available consumer goods and services on competitive rates to their members.

The scheme professes to identify the gaps in infrastructure, financial base and human resource aspects of cooperative institutions and plans to fill such gaps through an area based integrated approach in a time bound manner. Basic ingredients of the scheme are discussed below:-

Basic Ingredients of the Scheme

- | | |
|-----------------------------|--|
| 1. Area based approach | - Normally a revenue district is selected for implementation of ICDP. |
| 2. Identification of gaps | - Requirement of cooperatives in terms of infrastructure, financial requirement and manpower development & training is estimated based on field survey and detailed consultations with the concerned agencies through preparation of a DPR by an outside consultant organization /independent team of experts from the sector. |
| 3. DPR appraisal | - Field appraisal is undertaken by the corporation in consultation with the beneficiary cooperatives, members and state government agencies so as to verify and rightly assess the requirement of funds for the proposed activities aimed at strengthening and development of cooperatives in the project area. |
| 4. Assessment of Outlay | - Project outlay and form of assistance is approved on the basis of appraisal report subject to its scrutiny by a screening committee comprising of experts from different areas/activities proposed under the project. |
| 5. Components of Assistance | - Loan/Inv.loan for infrastructure development.
- Inv.loan for business diversification
- Subsidy for establishment, manpower dev. & training.
- Subsidy for performance incentive |

(Subsidy as per classification of states)

6. Emphasis on capacity building - Due emphasis is given to earmark the outlay for manpower development and training so that membership awareness campaign is carried out and potential manpower is imparted skill development and professional trainings with coverage of all cooperatives under the project. Besides, a performance incentive scheme is also inbuilt so as to motivate the personnel of cooperatives to perform better.
7. Time frame - A specified time frame is suggested to implement the project.
8. Focussed Implementation - A project implementation team(PIT) is deputed for execution of the project under the overall supervision of Project Implementing Agency(PIA), normally the DCCB.
9. Regular Monitoring - Project execution/implementation is monitored by a District Level Coordination Committee (DLCC) at district level, State Level Coordination Committee(SLCC) at state level and NCDC at apex level so as to ensure purposeful utilization of assistance and achieving desired targets/goals.
10. Review of Implementation - Project implementation is subject to review by the State Government/NCDC, if warranted for optimizing allocations and utilization of outlays.
11. Autonomy and Delegation - PIT/PIA is given due autonomy for speedy and purposeful implementation and delegation of authority is stipulated for necessary adjustments and diversions.
12. Impact Assessment - Impact/evaluation studies are got conducted through outside/independent agencies so as to assess the impact of the project on the status of cooperatives, infrastructure development, economic activities/employment generation and capacity building with cooperatives as also the overall economic environment in the project area.